FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,167 — Wednesday November 9 1983 — D 8523 B

U.S. faces hot dilemma over uranium, Page 10

NEWS SUMMARY

European missiles backed by Kohl

West German Chancellor Helmut Kohl strongly defended Nato's imminent deployment of missiles in Western Europe, and accused the Soviet Union of seeking to gain a nuclear advantage in Europe.

He was speaking to a congress of his Christian Democrat party, and firmly underlined West Germany's commitment to the missiles plan and its alliance with tha United States – despite German misgivings over the invasion of Grenada. Page 2

U.S. Deputy Secretary of State Kenneth Dam was in Bonn on his "fence-mending" mission, and British Premier Margaret Thatcher was due last night for talks with Chancellor Kohl.

Tokyo concession

Japan made a major concession on the eve of U.S. President Ronald Reagan's visit to Tokyo by agreeing to establish e joint military technology commission to co-ordinate transfer to the U.S. of its own defence technology. Page 3

Zimbabwe ruling

Zimbabwe High Court ruled that continued detention of Zapu politician Dumiso Dabengwa was illegal and ordered his immediate release.

Mr Philemon Muzorewa, son of detained former Premier Bishop Abel Muzorewa, was released after spending a day in custody. He said special agents threatened and assaulted him. Page 3

New envoy to China

Britain named its most senior China expert at the Foreign Office, Mr Richard Evans, 57, as ambassador to China. He takes over at the end of the year from Sir Percy Cradock, who is to become Prime Minister Margaret Thatcher's foreign adviser with responsibility for Hong Kong.

Bomb in Congress

A bomb exploded in the U.S. Congress building, causing some damage but no casualties. A group opposed to intervention in Lebanon and Grenada claimed responsibility.

Iran appeal to UN

Iran has accused Iraq of repeatedly using chemical weapons in the Gulf war, and has asked the United Nations to investigate.

Nuclear crash test

Britain's Central Electricity Generating Board is having a full-scale train crash staged next year to test the accident-resistance of containers used to carry radio-active spent nuclear fuel. Page 8

Liège earthquake

An early morning earthquake in Liège, Belgium, killed two people and caused widespread damage. Police were called out to stop attempts at looting through broken shop windows.

Uruguay accused

Human rights organisation Amnesty International accused Uruguay's military rulers of torturing prisoners held for non-violent political and trade union activities.

Sex law ruling

European Court of Justice in Luxembourg told Britain to do more to outlaw sexual discrimination, but upheld the right to ban men from working as midwives. Page 2

Briefly ...

Cardinal Umberto Mozzoni, Argentine-born Vatican expert on Latin America, died, aged 79.

'Built-in deficit to double' in U.S.

● U.S. "structural" budget deficit – that part which will remain with relatively full employment – will more than double to $200bn by 1988, Council of Economic Advisers' chairman Martin Feldstein warned Congress. Page 4

● DOLLAR was slightly weaker, falling to DM 2.677 (from DM 2.6815) FFr 8.1375 (FFr 8.14), SwFr 2.175 (SwFr 2.179) and Y235.9 (Y237.05). Its Bank of England trade-weighted index eased from 128.3 to 128.2. In New York it closed at DM 2.68; FFr 8.135; SwFr 2.177 and Y236.35. Page 31

● STERLING rose 5 points to $1.4845, and eased to DM 3.975 (DM 3.98), FFr 12.075 (FFr 12.0775) SwFr 3.23 (SwFr 3.235) and Y350.5 (Y352). Its trade weighting fell from 84.2 to 84.1. In New York it closed at $1.4845. Page 31

● GOLD rose $3 to $381.625 in London, by $3.25 in Frankfurt to $382.25 and by $3 in Zurich to $382.5. In New York the Comex November settlement price was $381.3. Page 30

● LONDON: FT Industrial Ordinary index edged down 1.3 to 720.1. Some Government securities showed minor gains. Report, Page 25. FT Share Information Service, Pages 26, 27

● WALL STREET: Dow Jones index closed up 0.10 at 1,214.94. Report, Page 21. Full share listings. Pages 22-24

● TOKYO: Nikkei Dow index edged up by 3.05 to 9,319.26, and the Stock Exchange index was 0.35 up at 682.97. Report, Page 21. Leading prices, other exchanges, Page 24

● WEST GERMANY announced DM 12m ($4.5m) aid for the European 150-seat Airbus A-320 project. Page 2

● WEST GERMAN engineering group GHH appointed Dr Klaus Götte, formerly with Flick and Allianz, to replace Dr Manfred Lennings as chief executive. Page 14

● JAPAN'S leading six shipbuilders reported depressed earnings in the half to September, with low margins. Page 16

● QATAR is reported to have offered oil discounts of up to $1 a barrel. Page 6

● ITALY faces a serious clash between workers and employers over its wage indexation system. Page 2

● ITT, the U.S. telecommunications group, recorded a decline in third-quarter earnings to $105.6m (70 cents a share) compared with a gain of $118.5m (80 cents a share) for same period last year. The decline was due to special factors. Excluding these, earnings rose by 24 per cent.

● UNITED BRANDS, the U.S. food group, reported second-quarter net profits of $9.5m (70 cents a share) compared with e loss of $15.8m ($1.33 e share) for the same quarter in 1982.

● MOTOROLA, the U.S. electronics group, is to build e new plant in Munich to strengthen its position in the German market for semiconductors. Page 14

● HANOMAG, the Hanover-based subsidiary of IBH, the troubled West German construction equipment group, says it has orders for four months, and hopes to keep going. Page 15

● COCKERILL SAMBRE, the Belgian state steel group, expects last-quarter losses to be held at BFr 2.2bn ($40.4m, with a year's loss of BFr 8.8bn, as forecast. Page 15

● COURTAULDS, the UK textile group, is close to selling its spinning and texturising plant in Letterkenny, Republic of Ireland, to Unifi of the U.S. Page 14

● APPLE COMPUTER, the U.S. micromaker, is to make its products compatible with those sold by IBM, the world's largest computer maker. Page 14

Washington prepared to strengthen Israeli ties in anti-Syrian move

Arafat may agree to abandon Tripoli

BY PATRICK COCKBURN IN BEIRUT

MR YASSIR ARAFAT, chairman of the Palestine Liberation Organisation (PLO), whose forces have been battling rebel Palestinian units backed by Syria yesterday indicated that he might be prepared to evacuate the city of Tripoli in northern Lebanon.

Mr Arafat told local Moslem leaders that he wanted to spare Tripoli's half-million population the street fighting that would be inevitable if he continued to resist the rebel offensive. It is not clear if this means that Mr Arafat is prepared to lay down his arms or on what condition he proposes to end the fighting.

The Lebanese Christian Phalange radio reported last night that Mr Arafat had left Tripoli by helicopter and had landed on a French warship. The French, however, denied the report.

In the past six day's fighting, it has become clear that the Palestinian fighters opposed to Mr Arafat, and supported by Syrian artillery, bave definite military superiority. PLO guerrillas loyal to Mr Arafat have been pressed steadily backwards. They have lost control of parts of Baddawi Palestinian refugee camp, but could give a good account of themselves if they fought on in Tripoli.

In a bid to defuse the crisis over the fate of Mr Arafat a three-man delegation from the Gulf Cooperation Council which is meeting in Qatar arrived yesterday in Damascus to see the Syrian leaders.

They have asked to meet representatives of the pro and anti-Arafat factions within the PLO, but there are few signs that Syrian President Hafez al-Assad is willing to relent in his campaign against Mr Arafat.

Relations, meanwhile, between Israel and the 700,000 Lebanese in the south of the country have deteriorated rapidly as e result of stringent security measures introduced after last Friday's suicide bomb at Tyre which killed 28 Israelis and 32 Lebanese. A general strike closed most business and schools in the area yesterday.

The protest was against travel restrictions enforced along the Awali River which marks the Israeli front line. At the main crossing point just north of the coastal city of Sidon over 1,000 people queued as Christian militiamen working for the Israelis searched civilians.

Those turned back included Lebanese army trucks and gendarmes as well as fuel tankers and commercial vehicles. Given the economic and family links between Beirut and South Lebanon, the new rules, aimed at preventing fresh attacks, are likely to be enforced only at beavy political cost to the Israelis.

In the Lebanese capital itself, tension eased yesterday after Monday's fighting around U.S. marine positions which closed the international airport.

Stewart Fleming writes from Washington: The U.S is proposing to strengthen its ties with Israel because of mutual concerns about the intransigent stance which Syria is adopting towards efforts to find a political solutioo to the problems in Lebanon.

Among the steps being considered, according to U.S. officials, are moves to shift more of the $2.5bn a year of U.S. aid to Israel from loans to grants and to approve the use of U.S. military aid to carry out research and development on Israel's new fighter aircraft, the Lavie.

The visit of Mr Yitzhak Shamir to Washington, expected later this month, is expected to provide a forum for further high-level talks on

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Arab mission in Damascus, Oil threat, Page 3

French groups facing threat of bankruptcy

BY DAVID MARSH IN PARIS

THE FATE of two French engineering groups, Creusot-Loire and Manurhin, hung in the balance last night as shareholders, banks and the Government haggled over the final details of financial rescue packages.

Creusot-Loire, the heavily loss-making engineering subsidiary of the private-sector Empain Schneider conglomerate, was engaged in last-minute talks to settle disputed points in a restructuring deal agreed last month involving the sale of part of its steel and nuclear operations to state-backed groups.

Manurhin, in which the state-controlled Matra arms and electronics group has a controlling interest, threatened to file for bankruptcy unless banks agreed a debt-rescheduling package within the next 48 hours.

The two affairs, both involving many months of tortuous discussions with unions over prospective job cuts, have come to a head when French industry is confronted with a surge of corporate collapses caused by shrinking demand and heavy financial costs.

A notable example of the tide of closures is Mercier, the old-established Saint-Etienne bicycle company. It filed bankruptcy on Monday after the withdrawal of payment guarantees given to suppliers by the Belgian insurance company La Belge.

The Creusot-Loire affair has been simmering since the summer when the group intimated it might be forced to file for bankruptcy unless the Government agreed a support package.

A breakthrough seemed to have taken place last month with the clinching of a deal involving a total FFr 6bn ($737m) in cash injections for Creusot-Loire over three to four years and the divestment of steel activities to the state steel groups Sacilor and Usinor.

The possibility of the company filing for bankruptcy has again been raised in recent days. This follows disputes with nationalised banks over the interest rate on FFr 1bn subordinated loans being granted to the company.

The Schneider parent company is also unhappy over the financial support it is having to give to increase Creusot-Loire's capital and help guarantee the bank loans.

Schneider is being forced to make asset sales to finance its part in the rescue. This could involve the dismemberment of some of the profitable parts of the Empain Schneider empire, which includes Spie-Batignolles in construction and Merlin Gerin and Jeumont-Schneider in electronics and electrical engineering.

Financial discussions are continuing on the steel divestments, especially involving the sale of the special steels unit Imphy to Sacilor.

The Manurhin case, involving one of the prestigious precision engineering companies in the Alsace region of eastern France, has cost Matra considerable amounts of cash in emergency support.

Matra, which owns 34 per cent of the company, made clear last month that it would take majority control to steer it through its troubles.

M Antoine Veil, Manurhin's chairman, said last night the company would file for bankruptcy unless unanimous agreement was reached among its banks on a FFr 550m debt restructuring. He named the government-owned foreign trade financing bank, the Banque Française du Commerce Extérieur, as the sole institution holding up the accord.

Manurhin lost FFr 74m last year and FFr 100m in the first half of this year. It has announced that it is to cut its 5,200 workforce by more than 800.

Creusot-Loire has indicated it is heading for a loss of well over FFr 1bn this year after a first-half deficit of FFr 538m. Job cuts of more than 4,000 in its 30,000 workforce are programmed and could rise further if there are further delays in agreeing the financial package.

Cockerill-Sambre expects to cut loss, Page 15

Arbed Saarstahl gets its 'last aid' from Bonn

BY JAMES BUCHAN IN BONN

THE WEST German Cabinet yesterday freed funds to rescue the Arbed Saarstahl steel concern ending weeks of intense uncertainty about the badly troubled company's future.

However, Count Otto Lambsdorff, the Bonn Economics Minister, said that this would be the "last public support" for the company which was only saved from the brink last year by a similar action.

With the judgment late last night of a special arbitration commission that laid-off workers should take a cut in redundancy payments, the last piece fell into place of a complex plan to rescue the concern from imminent bankruptcy on Thursday.

The Bonn and Saarland governments will now provide DM 50m ($18.3m) to meet the company's payment schedules on November 10 and a further DM 36m when the arbitration judgment enters into force. For 1984, an additional DM 100m will be made available.

However, Count Lambsdorff has made the aid contingent on the company fulfilling a promise to leave the industry-wide pay bargaining structure and freeze wages for next year.

Last week, the company's creditor banks led by Commerzbank offered debt relief over five years which is worth some DM 425m but conditional on public aid and sacrifices by the 17,200-strong workforce. The company's scarcely less troubled parent, the state-owned Arbed of Luxembourg, is not taking part in the rescue.

The arbitration commission of workers and management met for 12 hours last night before issuing the binding judgment, over the votes of the workers' representatives, that the 5,000 workers to be retired early should take a cut in redundancy.

The judgment was in time for Bonn's deadline of noon yesterday. If this had not been met, Count Lambsdorff said, the Cabinet would have decided "the end of Saarstahl."

Steelworkers at Voelklingen yesterday were bitter at being forced to make sacrifices after agreeing to a delay in bonus payments last year in an almost identical rescue for the company, which then had debts of DM 2.8bn on turnover of DM 2.1bn.

Officials of the IG Metall union, the largest in Germany, claim that the Government had set a precedent outside collective bargaining which it would apply to other companies in the steel and other crisis sectors. However, Count Lambsdorff said that Arbed Saarstahl was a special case.

Brussels blow to British hopes of budget cut

By John Wyles in Brussels

BRITAIN'S bid to achieve a permanent reduction in its net payments to the EEC budget has been dealt a sharp setback by the European Commission. Against the fone opposition of Mr Christopher Tugendhat, the UK Budget Commissioner, the Commission has produced new calculations suggesting Britain's "real" EEC budget bill may be less than half the sum that London has been claiming.

The Commission's controversial conclusion, reached on the initiative of its Luxembourg president, M Gaston Thorn, was branded by an angry Mr Tugendhat yesterday as "cooking the books" and "trickery and cheating."

It injects a highly combustible new element into the increasingly difficult negotiations on EEC reform. The Commission's surprise intervention will cement Britain's isolation on the key issue of how to measure its budget burden at a special three-day negotiating session starting in Athens today, involving Community foreign, finance and agricultural ministers.

Sir Geoffrey Howe, Britain's Foreign Secretary, will categorically reject the Commission's approach as an attempt to redefine the British budget problem out of existence.

The main device of the Commission for narrowing the British budget gap is to pretend that the UK receives more than its actual 11 per cent share of Community agricultural spending (which accounts for 66 per cent of the total budget).

This is justified on the grounds that the actual pattern of farm spending is somewhat random and misleading. More than half goes on buying up surplus products and exporting them with special subsidies. This benefits the Community's farmers though not necessarily their governments.

While spending is concentrated in continental northern Europe, Britain, the Commission argues, benefits from the resulting stability on the agricultural market and also contributes to the over-production of key products.

Thus, the Commission suggests, it is proper for budget accounting purposes to reapportion actual spending according to a country's share of total EEC output of products receiving Community support.

For example, some of the Com-

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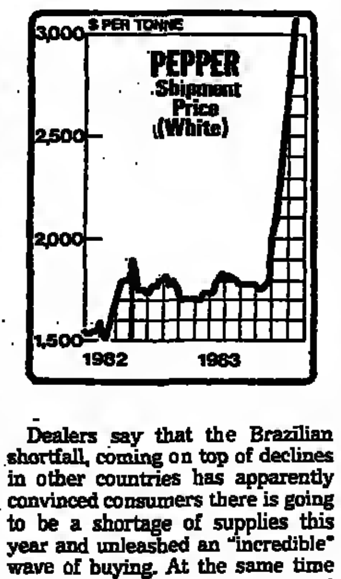
EEC finance and farm problems; Court rules against UK, Page 2

Pepper market's hot spell may double retail prices

BY JOHN EDWARDS, COMMODITIES EDITOR IN LONDON

THESE ARE hot times in the pepper market. The past two months have seen the greatest explosion in prices for over 25 years and as e result the retail cost of pepper is expected to double.



The shipment price of white pepper from Sarawak, a state in the Federation of Malaysia, has soared from $1,750 a tonne in mid-September to $3,200 yesterday when the market was said to be pausing for breath. The rise in black pepper has been less dramatic, but has increased from $1,325 a tonne two months ago to a current price of $1,950.

A big crop shortfall in Brazil, one of the world's leading pepper producers, is said to be the main reason for the price surge.

Information coming from the Amazon region of Brazil, where much of the pepper is grown, is sparse, but it is estimated that Brazilian production this year may total only 18,000 tonnes against 40,000 tonnes in 1982. At the same time production from other countries is also faltering. Output from Indonesia and Sarawak is reported to be down, whilst India – the biggest single producer of black pepper – has also cut exports.

Dealers say that the Brazilian shortfall, coming on top of declines in other countries has apparently convinced consumers there is going to be a shortage of supplies this year and unleashed an "incredible" wave of buying. At the same time European speculators are reported to have jumped on the bandwagon and helped force prices even higher.

The rush to buy has been encouraged by the fact that consumer stocks both in Europe and the United States have been reduced to historically low levels at e time when seasonal demand for pepper normally reaches a peak.

Although pepper is best known for its use as a condiment the bulk of consumption (around 70 per cent) comes from the manufacturing sector of the food industry.

It provides flavour to sausages, pies and other meat products. But more importantly pepper acts as a preservative delaying the putrefaction of meat. The growth in convenience foods is providing an expanding market for pepper and many other spices.

Black pepper is cheaper because it is picked off the vines when not fully ripe and dried off in the sun. White pepper is left on the vine until it is over-ripe and then soaked in water to remove the outer busk.

White pepper is preferred especially in continental Europe, which is why its price has surged higher than black pepper.

Last year the four leading producers of pepper – India, Indonesia, Malaysia and Brazil – produced a total of 130,000 tonnes of pepper, of which 118,000 tonnes were exported. At current prices it is e valuable cash crop

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Way clear for Ozal to take over in Turkey

BY OUR ANKARA CORRESPONDENT

Mr Ozal: cabinet list

PRESIDENT Kenan Evren and Mr Turgut Ozal, the victor in tha Turkish general election appeared in public together for the first time yesterday, indicating that the way is clear for Mr Ozal to become Prime Minister.

His Motherland Party has a working majority of 11 in Parliament, but President Evren's prolonged silence after Mr Ozal's victory led to speculation that the military might not be happy to see him take over.

Although the summons to form a cabinet has not yet been made, Mr Ozal is now believed to be working on a list of ministers. These are expected to include champions of tha private sector—such as Mr Yildirim Akturk, until last month head of the State Planning Organisation—whom Mr Ozal installed in key points of the bureaucracy when he was Economy Minister.

No. 6 — —8·8ipt. —

Turkey's ambassador to London, Mr Rahmi Gumrukcuoglu, is being tipped here as a likely choice for Foreign Minister.

Another probable cabinet member is Mr Kaya Erdem who, as Finance Minister, presided over two financial crashes in 1982. He is a long-standing supporter of Mr Ozal, who went out of his way to include him in his pre-election propaganda, even though he is a far from popular figure in the country.

Meanwhile, however, life in Turkey continues unchanged by Mr Ozal's success. In most general elections, minor officials end high civil servants in Turkey await with anticipation or trepidation a shuffle of appointments by the victorious party.

So far there are no signs of this, partly because the military remains very firmly in the saddle but also because Mr Ozal's party is an unknown quantity.

However, Mr Ozal is likely to put his own men in charge of the main civilian ministries and government agencies, while trying at the same time to placate the supporters of Mr Suleyman Demirel, the former Prime Minister, whose Correct Way party was excluded from the election.

He made it sound likely yesterday that he would allow the Correct Way party and the Social Democracy Party to contest the local elections next year.

A proposal by the head of the navy, Admiral Nejat Tumer, would have confined the local elections to the three parties already in Parliament. This now seems unlikely, though it forces Mr Ozal—who is never afraid of competition—to fight for political primacy with politicians who have much deeper roots in the Turkish countryside than he does.

Pay index dispute threatens in Italy

By James Buxton in Rome

A SERIOUS clash over the scala mobile wage indexation system is looming between Italian employers on the one hand and the Government and the unions on the other.

At immediate issue is whether the employers should pay wage increases in line with an extra point added to the scala mobile (sliding scale) index as a result of fractions of points accumulated in the past year.

Behind it, however, lies the whole question of the further revision of the scala mobile, and that of an agreed incomes policy, which is widely considered necessary to reduce Italy's inflation rate, still running at more than 13 per cent.

The dispute over the fractions could become a trial of strength between Confindustria, the private employers' association, and the unions, who in this case are backed by the Government. It hinges on the interpretation of last January's agreement which reduced the protection against inflation offered by the scala mobile.

The agreement was ambiguous on whether fractions of index points should be lost, as Confindustria sustains, or accumulated until they amount to e whole point, as the Government and unions claim.

The issue came to a bead yesterday when Istat, the government statistics institute, announced that three index points had heen accumulated in the past quarter, one of them due to accumulated fractions.

Confindustria leaders meet today to decide whether to pay for the extra point, which makes a difference of L6,800 (£2.82) in the monthly wage of most Italian workers. If they refuse, the unions have threatened strikes.

Sig Bettino Craxi, the Prime Minister, has agreed to hold a review of the scala mobile with unions and employers early next month. Though this will officially concern itself with the workings of the new system over the past year, some hope it will pave the way for a further reduction in the amount of protection offered next year, perhaps by limiting to the planned inflation rate for the year of 10 per cent the number of index points for which large increases will be given.

The unions are divided, however. The Communist-led CGIL is opposed to any reduction in the real wage increases of workers. The UIL, which is affiliated to the Socialist Party, is more amenable to change.

SPECIAL COUNCIL IN ATHENS

Greek EEC minister prepares for four-day marathon

BY JOHN WYLES IN BRUSSELS

TOTAL IMMERSION in European Community affairs is not always regarded as a life enhancing experience. The work pressures are intense, many of tha issues very technical and the political discussion often numbingly tedious. Yet Mr Grigorios Varfis appears to be drawing a certain strength and confidence from it all, despite presiding as chairman over several hundred hours of officials' meetings and Ministerial discussions since July.

The next four days, however, will be an Olympic test for the 54-year-old Greek Minister for EEC Affairs. Somehow, he has to combine the qualities of a magician and of a political sheepdog. The magician must conjure up the compromise proposals which will enable the sheepdog to herd a special EEC Council of Foreign, Finance and Agriculture Ministers towards agreements which are vitally needed to hold the Community together.

If by Saturday the Ministerial meetings in the Zappion Palace in Athens fail to build bridges between member governments, then tha Community will be facing a nasty and difficult cirsis. Everything will then have to be resolved at the summit in the Greek capital early next month.

Objective political responsibility for such an impasse will rest with all Community capitals, but frightened men will then be looking for scapegoats and some will no doubt seek to put blame on Mr Varfis and the Greek presidency of the EEC's Council of Ministers.

He edmits to feeling some strain. "It does put e lot of pressure on me," he said, peering intently out at a misty horizon from the 17th floor of a Brussel hotel. "I feel the responsibility. Certainly I am making mistakes through inexperience, but you must remember that Greece has had no past experience of the EEC Presidency."

Personally, Mr Varfis has won a great deal of respect from other Community Ministers, although some of their officials have felt free to criticise. They say that as a civil servant who has never actually held elective office, Mr Varfis is weakened by not being a member of the "club" which would put him on easy and equal terms with the likes of Sir Geoffrey Howe and Herr Hans Dietrich Genscher.

A chairman with greater political authority, it is said, might have registered more achievement in the negotiations than has so far been apparent. Mr Varfis disputes this: "I am no technocrat and I do have to learn my files, as does any politician who wants to be effective," he says.

Looking back on the previous six days of special council meetings sinca July be says: "I realised early on that there was no real sense of urgency. Ministers were arriving with papers prepared by their officials and then just reading them out." With the Athens summit still nearly e month away, Mr Varfis acknowledges that some Ministers may not even feel this week the political heat which generates a sense of urgency.

But brinkmanship merely multiplies the risks of failure. There is no mistaking Mr Varfis's fear of the consequences of little progress this week towards reforms of the Common Agricultural Policy, e solution to the British budget problem and agreement in principle to lift tha current legal ceiling on the EEC's budget revenues.

If some of the ground is not prepared by Saturday and an abortive summit follows, "the consequences of failure will be enormous," Mr Varfis says. "It will start with the European Parliament rejecting the 1984 EEC budget. This could mean no payment to the UK of the £457m rebate on its 1983 budget payments. Britain might then stop paying into the Community budget and we shall have no money to support agriculture."

All of this is delivered in quietly spoken, contemplative French which became Mr Varfis's second language 30 years ago when he was a postgraduate student in Paris.

During negotiations he is said to be relatively imperturbable, betraying only slight flashes of irritation when the British permanent representative, Sir Michael Butler, is in repetitious full flood.

His mildness, he thinks, has done much to keep the Ministerial negotiations relaxed and affable, an atmosphere which could be very important if Ministers find themselves staying up late this week.

Normally, the task of presiding over such vital EEC negotiations would have fallen to the Foreign Minister of the Presidency country. However, when the Greek Socialists took power in the autumn of 1981, Prime Minister Andreas Papandreou gave Mr Varfis specific responsibility for EEC affairs in recognition of his deep knowledge of the Community, which would be vital both in pursuing Greece's various special claims and in steering the Presidency.

His roots in the ruling Pasok party do not, however, run deep and this could be a handicap if

Mr Varfis: confidence and strength

the political waters turn rough in Athens. He began working for the party in 1979 having resigned two years previously as the top permanent official in what is now the Ministry for National Economy.

Pasok was then in opposition and Mr Varfis's reasons for resigning — disagreement over the Greek negotiating strategy on EEC membership — commended him to Mr Papandreou whose basic ambivalence about Greece being in the Community is said to be as strong now as it was then.

Mr Varfis, by contrast, is somewhat ont of tune with his Prime Minister. His commitment to the EEC is beyond doubt. He speaks with genuine enthusiasm about the need to make the Community something that people can sympathise with and support. His ambition for the Athens summit is an agreement which can be summed up in two pages and which "will mean something to ordinary people."

Until now his public statements about the chances of agreement have seemed so over-optimistic that he earned the label of the "sunshine President." Recently, he has seemed to be far more cautious and to be worrying about Mrs Thatcher's readiness to compromise, even if confronted by a basic consensus on the main issues by nine other governments.

But at this stage, Mrs Thatcher is by no means the only head of government to worry about. As one observer of Greek politics put it: "Varfis knows that a successful summit in Athens will be chalked up as a personal triumph for Andreas Papandreou, while responsibility for failure will certainly be placed elsewhere."

Biggest art theft in Hungary

By Leslie Colitt in Berlin

THE HUNGARIAN authorities have appealed to the public to help them catch thieves who executed the biggest art theft in the country's history over the weekend. Seven Italian Renaissance paintings, including works by Raphael and Tintoretto, were stolen from the Museum of Fine Arts in Budapest.

Mr Feher Zsuzsa, a leading Hungarian, said on television thet the paintings were of "incalculabla value." Normal programmes were interrupted to announce the theft which Mr Zsuzsa sald represented to Hungary a loss equivalent to half France's paintings in the Louvre.

The most important painting stolen is Raphael's "Esterhazy Madonna" named after the Hungarian noble family which owned it and which sold it to the museum in 1870 for 1.1m gold forints.

The second Raphael is the portrait of a young man which some believe to be a self-portrait.

The other missing paintings are Tintoretto portraits of a man and e woman, Tiepolo's "The Holy Family's Flight to Egypt" and "Madonna with Six Saints" as well as Palma diVecchio's "Holy Family."

A museum spokesman said the pictures, which were cut from their frames, were so well-known internationally that it would be difficult to sell them.

The paintings were in a wing of the neo-classical Fine Arts Museum in central Budapest and formed part of a collection of 100 Italian Renaissance pictures.

The museum also has the largest collection of El Grecos, Goyas and other Spanish paintings outside the Prado in Madrid and the Hermitage in Leningrad.

Art thefts heve been rare until recent years in Eastern Europe where museums and churches housing priceless paintings were often poorly secured.

A spectacular art theft in Potsdam a few years ago was carried out by thieves from the West who walked out of e museum in broad daylight with paintings worth millions of dollars. They drove onto the East German autohahn between West Berlin and West Germany and crossed into the West. They were caught when they tried to sell the paintings to a West German art dealer.

Court rules against Britain on sex equality

BY PAUL CHEESERIGHT IN BRUSSELS

THE BRITISH Government will have to tighten its laws against sex discrimination following a European Court of Justice judgment yesterday. Tha court found that Britain had not taken adequate steps to bring its legislation into line with an EEC directive on sex discrimination.

Britain is et fault, in the court's view, on collectiva labour agreements, on regulations governing tha internal affairs of companies, on the statutes of independent professions and in excluding the principle of sex equality from private homes or businesses where no more than five people are employed.

The court rejected a claim from the European Commission, however, that men wanting to train as what are habitually referred to as midwives are discriminated against.

The judgment largely vindicates the Commission position that the British Sex Discrimination Act 1975 does not go as far as it should in establishing sexual equality. But it does not mean that Britain, by EEC standards, is abnormally sexist.

The Council of Ministers adopted a directive on sexual equality in 1976. Since then, the Commission has been trying to chivvy member-states into line with its hroad provisions.

Belgium and Italy are already before the Court on alleged breaches. West Germany is about to go. A case against Luxembourg is in the pipeline. Ireland is ebout to amend its laws. France has had e series of amendments to its laws and has avoided the Court.

Following yesterday's decision, it is up to the British Government to change the provisions of the Act. The UK has no history of defying Court decisions and if the Government adopts the same technique as it has done on a parallel case involving equal pay, then changes may be effected by orders-in-council.

There is no reaction from the Government so far. Officials are still studying the judgment.

Kohl mounts strong defence of missile deployment in Europe

BY RUPERT CORNWELL IN BONN

THE West German Chancellor, Herr Helmut Kohl, yesterday defended powerfully Nato's imminent missile deployment in Western Europe, and accused the Soviet Union of seeking to gain the capacity to threaten nnclear conflict limited to Europe.

His words, in a speech to a congress of his own CDU party here, were evidently tailored to underline West Germany's commitment to the missiles plan and to its alliance with the U.S., despite misgivings over the invasion of Grenada.

They coincide with a visit to Bonn hy Mr Kenneth Dam, the Deputy U.S. Secretary of State, as part of a European tour aimed at patching up divisions between Washington and major West European capitals in the wake of the Grenada affair.

Herr Kohl stressed his full confidence in Washington's handling of the missile reduction talks in Geneva, and placed the blame for their failure so far firmly on Soviet shoulders.

He also attacked the opposition Social Democrats (SDP) and the greens. By "propagating anti-Americanism," he said, they were seaking to place the Western alliance in question, and were peving the way for a policy of neutralism and nationalism.

Meanwhile, Herr Hans-Jochen Vogel, the SDP leader, has demanded that deployment of the cruise and Pershing 2 missiles in West Germany should not begin until after the final vote in the parliamentary debate on the issue, scheduled for November 21 and 22.

● Belgium's crucial parliamentary debate on deploying 48 cruise missiles started yesterday with no sign that the Government is prepared to change its stand of the past four years, writes Paul Cheeseright

Mr Wilfried Martens, the Prime Minister, told Parliament his Government wants an arms limitation agreement between East and West and that its decision on deployment will be taken inthe light of the Geneva talks.

The main part of his speech however, was devoted to fending off a move by the Flemish Nationalist and Socialist parties to have the decision made hy parliament. After tha Government bas made the decision, it will seek a vota of confidence.

● The congregation of French hishops meeting in Lourdes yesterday renewed with vigour their opposition to unilateral nuclear disarmament and their belief that nuclear deterrent is still legitimate, writes Paul Betts in Paris.

In a text overwhelmingly supported by 93 votes in favour and only two against, the bishops agreed that "unilateral disarmament could help encourage blackmail." The hishops have thus added their influential hacking to the French Socialist Government's position in favour of the nuclear deterrent.

The issue was also at the centre of talks yesterday between President Francois Mitterrand and Mr Pierre Trudeau, the Canadian Prime Minister, who started in Paris yesterday a so-called "pilgrimage for peace and disarmament" in Europe. The Canadian leader was flying last night to The Hague and is dne to visit Brussels, Rome, Bonn and London.

Sharp fall in Sweden's jobless

By David Brown in Stockholm

SWEDEN'S official unemployment declined sharply between September and October, due largely to an increase in the number of people henefiting from Government-financed relief work.

The number of officially jobless fell by 29,000, or 4.1 per cent of the workforce, during the month, to 149,000 or 3.4 per cent, according to Statistics Sweden.

At the same time, those occupied in Government-financed jobs programmes grew by 23,600 to 166,100.

Among young people below the age of 25, official unemployment was down 20,000 (3 per cent) to 58,000 or 8.8 per cent, but is still well above the national average.

Last month, the Government announced a SKr 2bn (£171m) jobs programme aimed mainly at the young to create about 55,000 new jobs by the middle of 1984.

Unemployment remains one of the major factors in the Government's declining popularity since it came to power last October.

Reuter adds from The Hague: Dutch seasonally-adjusted unemployment fell to 824,900 in October from 825,200 in September after being 708,100 in October last year, provisional Social Affairs Ministry figures show.

The figure in September was a post-war record. Seasonally-adjusted vacancies in October rose 400 to 11,000.

Dutch police barred from wage protest

By Walter Ellis in Amsterdam

DUTCH POLICE were warned yesterday not to take part in protests by public sector workers against threatened pay cuts. A court in Utrecht upheld a submission by Mr Frederik Korthals Altes, the Justice Minister, that a work-to-rule by police officers was unlawful and against the *public interest.*

Civil servants and other public employees meanwhile, have stepped up their campaign. Government workers stopped work in several provincial centres, many buses and trams ceased to run for a time and customs officials delayed the passage of lorries across the Belgian and West German frontiers.

A number of ships bound for the port of Rotterdam were redirected to Hamburg, Bremen and Antwerp when it became clear that a work-to-rule by customs officers could keep the vessels tied up in the Netherlands for days.

Bonn pledges DM 12m for A-320

BY JAMES BUCHAN IN BONN

THE BONN government announced yesterday that it would provide aid of DM 12m (£3m) for the development of the 150-seat Airbus A-320 airliner in e small hut important step forward for the four-country project.

The Boun Cahinet decided at its meeting yesterday to make the money available, described as a conditionally repayable loan, for the long-delayed project of Airbus Industrie, in which Messerchmitt-Boelkow-Blohm, through its Deutsche Airbus subsidiary, has e 37.9 per cent stake.

The DM 12m, while considerehly less the FFr 300m (£25m) put up by France, which has played a leading role in developing the Airbus family, could help sway the UK Government into supporting the project on behalf of British Aerospace.

Up to now, the Boun Government has been reluctant to step in to push the A-320 until an improvement in the world civil aviation market was reflected in launching orders.

However, the orders announced last month by British Caledonian, the first outside France, have given e fillip

IMF backing for Portugal

THE IMF hopes it can offer Portugal e medium-term extended facility to help finance important structural reforms in agriculture and industry after tha country's present stabilisation programme, writes Diana Smith in Lisbon.

This was announced by Sig Giovanni Lovato, the IMF director responsible for Portugal, at a seminar here for foreign hankers. Lisbon and the IMF signed a letter of intent last month leading to an 18-month SDR 445m (£311m) standby agreement.

Sig Lovato's reference to an extended facility was the first indication of continued IMF support since the Socialist-Social Democrat coalition took power last June.

UN paves way for Cyprus peace talks

United Natious officials in Nicosia are to start preparing the way this week for a meeting between Mr Spyros Kyprianou, the Cypriot President, and Mr Raouf Denktash, the Turkish Cypriot leader, diplomats said yesterday. Andriana Ierodiaconou reports from Athens. The meeting is tentatively scheduled for January 1984.

Sr Javier Perez de Cuellar, UN Secretary-General, is seeking to arranga the talks in a hid to rescue his troubled Cyprus peace initiative. The Kyprianou Government has endorsed the initiative in principle.

French fines for price fixing

BY DAVID MARSH IN PARIS

THE FRENCH Government has imposed fines of FFr 4.9m (£408,000) on 14 leading international chemical companies, including Cihe-Geigy, Rhone-Poulenc, Bayer and Sandoz, for illicit price fixing in insecticides. A string of French ski equipment makers and winter sports dealers have also been fined a total of FFr 1.7m for infringing price regulations. They include companies like Rossignol, Look and Dynastar.

Announcement of tha measures yesterday follows months in which M Jacques Delors, the Finance Minister, has held back from strictly enforcing tha Government's competition rules partly because of the poor financial position of many French companies.

The insecticides ruling, which applies to alleged cases of price collusion between 1977 and 1981, is being enforced against some of the international chemical companies which are complaining loudly about French price controls in areas like pharmaceuticals.

The Government underlined yesterday that in general "lively competition" took place on the French insecticide market and that, with 20 companies participating, there was no dominant market leader.

Government pours oil on troubled waters of French refining industry

Howls of pain from the oil companies have finally moved the Administration to ease the formula for establishing petroleum product prices, writes Paul Betts in Paris.

THE FRENCH Government has finally caved in to a rising chorus of protest from the oil industry against tha method of calculating petroleum product prices. It agreed at the weekend to help the hard-pressed refinery industry hy edjusting the price-fixing mechanism more favourahly.

The formula had always been a dirty word in the French oil industry, but in the past two months it has become e profanity. The Government's decision this summer to modify it provoked howls from refiners and caused a serious confrontation between tha Socialist administration and French and international oil companies.

According to the companies, that change would have lost the French refinery industry an extra FFr 16bn (£1.3bn) a year. The industry lost FFr 12.3bn (£1bn) last year.

In an unusual display of unity, the companies—the two French oil groups: Total and Elf-Aquitaine; and the four *internationals* with refining operetions in France: Esso, Shell, BP and Mohil—warned they would be forced to review their entire French market strategies. They would reconsider investment policies, reduce capacity and lay off some of their 14,500 employees in France.

Esso shnt down 5m tonnes of annual refining capacity in France, reducing its output by about 40 per cent since last year.

It mada no secret that its action was "political" and in retaliation against the pricing formula changes.

The controversial mechanism fixes dimestic petroleum prodnct prices on the basis of international oil prices, the U.S. dollar exchange rate, and transport and other costs. In the face of the continning rise of the dollar against the franc, the French authorities had decided to freeze the dollar parity at FFr 7.70 until next February for the purpose of the formula.

Tha oil companies regarded this as an aberration. Tha dollar has been trading above FFr 8 for most of the past two months. Indeed, it was trading at FFr 8.14 in Paris yesterday.

The Government has now agreed to raise the oil formula parity to FFr 7.90. For the oil companies this is still artificial but "less unfavourable," and likely to reduce the additional losses they were forecasting.

At the FFr 7.70 rate, the formula would have lost the refiners FFr 200-FFr 230 more per tonna of crude. For Total and Elf, the two large domestic refiners, this translated into about FFr 50m a month each.

Total'e refinery business lost FFr 1.35bn last year. Elf lost around FFr 3bn, although exploration and production profits have so far more than offset the downstream deficit. Elf has also recently announced plans to lay off 2,000 people from its French refinery operations during the next three years as part of its restructuring strategy.

The companies' anger had been exacerbated hy *the feeling* that the Socialist Government has betrayed them.

The price-fixing formula has heen a serious sourca of grievance for more than e decade. In 1973 the oil companies were already complaining about their French refining losses, although then they totalled FFr 500m for the industry. They have heen rising steadily since, except in 1978 when the French industry made a profit of FFr 900m. But the following year it lost FFr 800m, then FFr 5bn in 1980, FFr 12.2bn in 1981, and FFr 12.3bn last year.

The Government agreed last year to bring tha formula more *closely into line* with the realities of the international oil market. The companies regarded this as a breakthrough, especially since the fluctuations in the value of the dollar were to be reveiewed on a monthly basis. The revamped formula began to have an impact during the first half of this year,

However, the worsening French economic situation and the strengthening of the dollar prompted a change of heart in the authorities. To prevent domestic oil product prices rising and forcing up the consumer price index, the Government froze the dollar rate in the formula et FFr 7.70.

M Jecques Delors, the French Finance and Economy Minister, is under increasing pressure to hold down domestic inflation which will overshoot the Government's 1983 target of 8 per cent. He has again emphasised the Government's anti-inflation commitment and his Ministry launched a television advertising campaign a few days ago to win consumer support for its anti-inflation drives.

Under the circumstances, the Government felt the oil industry could also play its share in France's austerity programme. Indeed, the French Energy Secretariat has, in public at least, backed the freeze fully. "We agree that the inflation battle is the main priority," said an official.

A French oil executive remarked: "We are in complete agreement with the Government's economic aims, but we also feel the Government should realise that the refining industry is in e distressed state and that it has now placed an intolerable burdan on it."

The companies also viewed the decision as another sign of the declining force with which tha Government appears to attach to the oil sector. The new long-term energy plan continues to heavily favour the nuclear sector, even though forecasts of French electricity demand have been scaled down dramatically.

Latest estimates by the refinery industry in France show a 16 per cent decline in capacity this year. It forecasts annual capacity at 118.4m tonnes in January next year or 16 per cent less than the figure in January 1983 which, in turn, was a 30 per cent drop from the January 1982 level.

Compounding the oil groups' problems is the continuing discount war at petrol stations. M Edouard Leclerc and his large discount retailing chain started it by offering discounts below the government-permitted rate.

Until now, retailers could offer up to 10 centimes a litre discount below the fixed price. The Government has now agreed to raise the permitted discount on top grade petrol to 17 centimes. This seems largely intended to offset the inflationary impact of the latest adjustment in the price fixing formula which is expected to edd about a centime to the price at the pump.

However, while the change in the formula will give some relief to refiners, the larger discounts are likely to mean new losses for the oil companies. Indeed, one oil executive calculated that, should the discount drop to between 15-20 centimes, it would cost the oil companies another FFr 2bn a year.

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Arab mission arrives in Damascus to seek ceasefire

BY KATHY EVANS IN DOHA

AN ARAB peace mission arrived in Damascus yesterday in an attempt to arrange a ceasefire between the warring Palestinian factions in north Lebanon.

The delegation was formed during urgent consultations in Doha, the capital of Qatar, where the six heads of state of the Gulf Co-operation Council are holding their annual summit.

The status of the delegation had to be scaled down after Syria made clear that it was reluctant to accept it. It was finally formed by the Foreign Minister of Kuwait and Qatar who were joined in Damascus by the Tunisian Foreign Minister and the Algerian Information Minister.

The Syrians let it be known that they considered receiving a high-level delegation would be tantamount to admitting that they had some responsibility for the Palestinian fighting. As the delegation departed, it remained unclear who would receive the members in Damascus.

The Arab representatives also hope to meet members of the dissident Palestinian faction which has laid seige to the last stronghold of Mr Yassir Arafat, the PLO chairman. This would be the first meeting on an official level between Arab representatives and the dissidents.

Asked if the mission was also hoping to rescue Mr Arafat, the spokesman for the Gulf summit Mr Issa Ghanim Kawari said: "The mission is aimed to reconcile the two sides and leave them to sort it out." But he indicated that the Palestine National Council might be a suitable vehicle for reconciliation between the Palestinian people.

Chinese tourists to visit Hong Kong

By Mark Baker in Peking

THOUSANDS of ordinary Chinese are to be permitted to travel outside the country in the first formal tourist groups since the Communists came to power in 1949.

The move is seen as part of China's attempt to bring Guangdong province, and its capital, Canton, closer to adjoining Hong Kong before 1997 when Britain's leases over most of the colony expire.

The Chinese Government had decided to allow about 750 people a month from Canton to visit relatives or go sightseeing in Hong Kong for one or two weeks.

But the trips will cost between $256 and $384—about a year's pay for most ordinary Chinese workers.

About 99 per cent of Hong Kong's population is Chinese, and most have relatives across the border in Guangdong. In the first half of this year, Hong Kong residents made 3.5m visits to the mainland and their spending on travel and gifts to relatives is expected to boost China's foreign exchange holdings by about $3bn this year.

But while China regards Hong Kong as part of its territory, the colony, with its nightclubs, race-tracks and lust for the dollar, is about as far away culturally as Manhattan.

The visits to Hong Kong will begin next Tuesday and will be restricted to residents of Canton. It is expected to be extended to other residents of Guangdong, if it operates smoothly.

● Mr Richard Evans' appointment as the new British Ambassador to Peking was confirmed in London yesterday by the Foreign Office. He will succeed Sir Percy Cradock, who retires from the post at the end of the year.

Reagan reviews impact of threatened oil supply cut

BY STEWART FLEMING IN WASHINGTON

THE REAGAN Administration has launched an internal review of the impact which a cut-off of oil supplies might have on the U.S. and its allies as a result of the increasing tension in the Middle East and threats by Iran to block oil shipments through the Persian Gulf.

This was disclosed by Mr Donald Hodel, the Energy Secretary.

Details of the review, and the actions which are being examined should supplies be interrupted have not been disclosed, but Mr Hodel said that a key aim was to discourage panic buying of oil products which could worsen or even create a shortage. Mr Hodel said, however, that none of the responses called for Government intervention in the oil market.

The Reagan Administration has consistently maintained that Government involvement in the oil market during a crisis tends to aggravate supply shortages and has insisted that it would not intervene.

In Baghdad, reports Reuter, officials who asked not to be named said that Iraqi policymakers think an attack on Iran's oil export terminal at Kharg Island was the only way to end the stalemate in the three-year-old Gulf war. Diplomats said there was a growing feeling that such an attack might be imminent.

In Tehran, writes Reuter, officials said that Iranian forces had captured two more heights west of the besieged Iraqi border town of Penjpwin in its three-week-old offensive into northern Iraq.

Paul Betts adds from Paris: France yesterday finally officially confirmed delivery of five Super-Etendard aircraft to Iraq. M. Claude Cheysson, the French Foreign Minister, said the aircraft reached Iraq on October 8.

He told the Senate that France had been pressed by several Arab countries not to delay the sale and give in to what he claimed was tantamount to blackmail by Iran. The Tehran Government had threatened to disrupt shipping in the Gulf if France delivered the jet-fighters.

Frustration and anxiety on the West Bank

BY DAVID LENNON IN NABLUS ON THE WEST BANK

THE WEST BANK, focus of Palestinian aspirations for a national homeland, was frustrated and dispirited yesterday as the 750,000 Palestinian residents waited anxiously for the outcome of the fighting between the PLO forces in Tripoli.

Mr Bassam Shaaka, the deposed mayor of Nablus and a symbol of the West Bank's struggle against the Israeli occupation, called yesterday for Palestinian unity. "We are on a dangerous course," he said bitterly. "The PLO, which was the main strength of our life after achieving so much, is now in danger."

Mr Shaaka added "My message to Abu Amar (Mr Yassir Arafat) the PLO chairman, is very clear. We want discussions not fighting. The fighting must end and the main leaders of the PLO should meet together to seek unity."

The Palestinians of the West Bank who have time and again risked imprisonment, injury and death to demonstrate against the Israeli occupation appeared stunned yesterday by the battles in Tripoli.

Apart from a commercial strike in Jerusalem on Monday and an orderly protest meeting at Bir Zeit University, there has been virtually no public response to the events.

New Zealand oil share prices plummet

By Dai Hayward in Wellington

New Zealand oil share prices plummeted yesterday almost as rapidly as they shot up on Monday. Millions of dollars were wiped off share values, although most stayed higher than when they began their sharp rise.

On Monday, some oil exploration shares doubled in value in frantic trading on the Wellington and Auckland stock exchanges on reports that traces of oil had been discovered off the country's north-eastern Taranaki coast. Police had to be summoned to control jostling crowds.

Yesterday's decline was sparked by the announcement as the exchanges opened for business that Placid Oil had struck a dry well in its Great South Basin exploration.

The well had reached 7,900 ft with no traces of hydrocarbon. It is being plugged, and the Penrod 78 rig moved to a new location.

Southern Petroleum which has a 14 per cent interest in the search area saw its shares fall from 37 cents to 15 cents.

Tokyo concession on eve of Reagan visit

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

JAPAN YESTERDAY made a major concession to its U.S. ally on the eve of President Reagan's visit to Tokyo by agreeing to establish a Joint Military Technology Commission to co-ordinate the transfer to the U.S. of Japanese defence technology.

The agreement ends nine months of discussions on the procedure for transferring military technology to the U.S. following Japan's decision in principle last January to agree to such transfers.

Japan had planned to insist on a procedure which would make each item of technology transferred the subject of a separate government-to-government agreement. The U.S. held out for a more informal approach and appears to have been largely successful.

The concession is Japan's second to the U.S. within days. Last week, Japan agreed to extend into next year the "voluntary" restraints on car exports to the U.S. which began in 1981 and have been renegotiated on an annual basis.

The military technology commission will comprise representatives of the Japanese Ministries of Foreign Affairs, Defence, and International Trade and Industry and American members to be drawn from the U.S. Department of Defence.

The function of the commission will be to process applications for the transfer of individual items of technology. Discussions will be secret, and the commission will not publish details of what is to be transferred.

Japan's agreement to allow the transfer of arms technology to the U.S. represents an exception to the so-called "three principles" under which virtually all exports of arms or arms technology have been banned since the mid-1970s.

The agreement with the U.S. is subject to the condition that arms produced with Japanese know-how will not be exported to third countries without the specific consent of the Japanese Government. It does not, however, rule out such exports.

Japanese officials are reticent on the subject of what types of technology the U.S. hopes to acquire. Unofficially, however, it is being suggested that American interest centres on the field of advanced electronics.

Nakasone may play his strong role

BY JUREK MARTIN IN TOKYO

PRESIDENT REAGAN'S four-day official visit to Japan, starting today, offers Mr Yasuhiro Nakasone, the Prime Minister, the opportunity to rise above the increasingly fractious domestic political scene and play his strong role as international statesman.

With each passing day, a Japanese general election on December 1 appears more certain. Mr Reagan's high personal regard for Mr Nakasone and his general desire to strengthen geopolitical relations with Japan means that he can be expected to go out of his way to boost the political stock of the Japanese leader in the eyes of the Japanese public.

The three formal face-to-face sessions, two in Tokyo and one, on Friday, in the more relaxed environs of Mr Nakasone's country "farmhouse," will probably skirt the stickier problems of trade friction which have often appeared to dominate bilateral exchanges in recent years.

Most of these issues have been settled in advance, such as last week's commitment by Japan to restrain further its car exports and yesterday's decision to set up a joint commission on the transfer of military technology to the U.S. Others have been shelved (Japanese agricultural protection) or consigned to further joint study (enhancing the value of the yen).

In the latter area, however, substantive Japanese offers might be forthcoming, such as floating Japanese bonds in the U.S. or changing local foreign exchange market dealing regulations.

As a result, both Mr Reagan and Mr Nakasone will find themselves free again to pledge themselves to the cause of free trade, as they did in Washington in February and at the Williamsburg summit in May, without having the force of their commitment undercut by open disagreement over particular issues.

Their principal goal, however, will be to emphasise their common pursuit of geopolitical and strategic ends. This will embrace both a "global" solution to nuclear disarmament—that is, not leaving Japan out in the cold in any Intermediate Nuclear Forces (INF) agreement reached with the Soviet Union—and specific regional questions, such as the security of the Korean peninsula and Japan's commitment to defend the sea lanes up to 1,000 miles from its coast line.

Since assuming office a year ago, Mr Nakasone has proved a vigorous supporter of U.S. foreign policy and has, where possible, tailored Japanese regional policy to complement U.S. goals.

Thus Japan took, to considerable U.S. pleasure, a frontal role in denouncing the Soviet downing of the Korean airliner, and, on Monday, imposed limited diplomatic sanctions against North Korea for its presumed role in the assassination in Burma of several South Korean Government members.

This solidarity with the U.S. has probably bought Japan some respite from the constant U.S. pressure for sharply increased Japanese defence spending. As it is both the current fiscal year's austere budget and the even tougher one on the cards for next year do provide real growth in defence spending at the expense of domestic programmes, if by not as much as the U.S. would like.

There is a general sense in Japan that Mr Nakasone has done well in foreign policy, better, certainly, than in his domestic political management. If there were misgivings about his enthusiasm for standing four-square behind the U.S., they have become much more muted since the airliner incident.

But, at the same time, there is also the perception in Japan that the Reagan-Nakasone summit may offer one of the last opportunities for some time for such a display of mutual solidarity. Once the Japanese election is out of the way, U.S. political campaigning next year is bound to feature renewed demands for the U.S. to get tougher with Japanese trade practices.

If he runs, President Reagan (or any other Republican candidate may find himself forced by political circumstances into positions that he has no intention of bringing to the fore this week in Japan, except in the most general of terms.

Court orders release of Zapu politician

By Tony Hawkins in Harare

THE Zimbabwe High Court yesterday ruled that the continued detention of prominent Zapu politician, Mr Dumiso Dabengwa was illegal and ordered his immediate release.

It was the second occasion within two weeks in which the Zimbabwe High Court has come out against Mr Robert Mugabe's Government's use of its detention powers.

Two weeks ago, another prominent Zapu political leader, Mr Vote Moyo gained a similar High Court ruling, but the government responded by immediately producing a new detention order.

Mr Dabengwa was acquitted in April this year on charges of treason and illegal possession of arms. He was immediately detained again, but his lawyers yesterday successfully won a court action in his favour arguing that this was now illegal because his case had not been reviewed by the tribunal as stipulated in the constitution.

The Russian-trained Mr Dabengwa is widely regarded as the most likely successor to Mr Joshua Nkomo as leader of the opposition Zapu Party.

In a separate development, Bishop Abel Muzorewa's 26-year-old son Philemon was released after one day in custody. He said that he had been threatened, warned and assaulted by special agents.

He had told the special branch men that he would not stop telling the Press about what was happening to his father.

● Meanwhile, from Bulawayo, the Zimbabwe Government reported the murder by anti-Government insurgents of a second white farmer within 48 hours.

Bid to halt planned closure of newspaper

By Terry Dodsworth in New York

The Justice Department has intervened to prevent the planned closure of the St Louis Globe-Democrat on the grounds that the owner should first examine the possibility of a sale to an alternative publication.

Closure of the newspaper, one of only two main dailies in St Louis, has been announced by the S. I. Newhouse newspaper group, an enormous private communications empire.

Under U.S. anti-trust regulations, the Justice Department says alternative means of publishing the paper ought to be examined, although it will not oppose closure if there are no serious take-over candidates.

Anderson poll bid

Former presidential candidate John Anderson is forming a new political party and will run for the White House again "if the party were to ask me to be a standard bearer," AP reports from Los Angeles.

Mr Anderson, who sought the republican presidential nomination in 1980 as an independent, said his National Unity Party would challenge the "two old parties."

Quito debt request

Ecuador will formally request the rescheduling of some $1.5bn of its foreign debt principal payments falling due in 1984 at a meeting with its creditor banks in New York next Wednesday, a central bank communique said, Reuter reports from Quito.

Sr Pedro Pinto, Finance Minister, and Sr Abelardo Pachano, central bank governor, will also ask commercial banks for fresh funds to finance Ecuador's 1984 balance of payments, it added.

Mexican inflation

Mexico's consumer prices rose 3.3 per cent in October bringing the rate of inflation for the first 10 months of the year to 63.7 per cent, writes William Chislett in Mexico City.

This was the third consecutive month that prices increased by less than 4 per cent after an average monthly increase of 6 per cent in the first half of the year.

President and politicians are locked in a trial of strength. **Andrew Whitley reports.**

Wage law falls foul of Brazil's power game

THE Brazilian Congress was last night due to begin one of its most crucial sessions for decades. On the agenda is a Presidential decree, anonymously numbered 2,065, whose approval by the legislature is of vital national significance.

The contents of Decree Law 2065 are not, by themselves, anything revolutionary or extraordinary. They amount to a modest reduction in the protection against inflation given to middle and upper income wage earners in Brazil, as well as a straightforward package of tax increases.

The attention being given at home and abroad to Congress's deliberations is due, rather, to the fact that the Government's ability to secure domestic support for unpopular measures, aimed at improving Brazil's parlous economic state, has been called very much into question in recent weeks. Last month, a tougher version of this decree was soundly rejected by Congress.

For Brazil's foreign creditors and the International Monetary Fund, the new Decree Law is a symbol of the Figueiredo Government's will and ability to govern. For the mass of politically conscious Brazilians, returning to democratic life after 19 years of military rule, it is instead a symbol of the battle for power between an elected Congress and a President chosen by his fellow generals.

How far the Government or the opposition parties can go without seriously jeopardising "Abertura," the programme of gradual return to full civilian rule, is the question banging in the air over the salary limitation debate. Neither side seems prepared to test the other's strength to the limit, for fear of the consequences.

"The trouble is that this government does not know how to negotiate," a senior Finance Ministry official confided recently. Brazil's economic ministers are all technocrats unused to having to justify their policies or to attempt to "sell" them to Congress, never mind the public at large.

This has proved a major obstacle to the passaga through Congress of the wages decrees.

The situation was aggravated by the pressures of time. The constitution theoretically gives Congress 60 working days to consider any new Presidential decree. But the Government made it clear that it wanted to secure Congressional approval before the IMF meets on November 18 to consider a resumption of lending to Brazil.

The President could bave avoided a sbowdown with Congress by the simple expedient of issuing one temporary decree after another—each of them having the force of law. This would be a severe distortion of the unwritten rules of political behaviour in the "Abertura" period, but it would have been better than the alternative of closing Congress down.

The five combined opposition parties bave a small majority in the Chamber of Deputies, although they remain in a minority in the federal Senate. The balance of power in the Chamber is held by two small labour parties, each with about a dozen representatives.

A new, hastily patched-together pact with one of them, the Partido Trabalkista Brasiliera, last weekend restored the Governemtn'a control in the Chamber—at least as far as tha wage decrea is concerned. In return, the PTB bopes it will be given a place in government, sboring up its prospects for survival.

Following their historic defeat of the Government last month over Decree Law 2045—the wage bill which limited all pay rises to 80 per cent of the inflation index—the leading opposition politicians had high hopes that they could bargain with President Figueiredo from a position of strength.

They had boped to obtain real political concessions including direct elections for the Presidency, in place of the present system of indirect elections by an electoral college loaded in favour of the military's supporters.

They were also calling for an immediate break with the IMF and a lengthy moratorium on debt payments. But behind this lay an immediate, and much more modest appeal: to be consulted in the shaping of economic policy.

These ambitious bopes have been dampened by the way in which the Government succeeded in forging a political pact with the PTB.

Before starting negotiations with the opposition, the President first had to tackle the serious unrest within his own party, the officially-created Partido Democratico Social.

When a replacement decree was made public following the defeat in Congress of the original salary measures, PDS leaders such as Sr Nelson Marchezan, the party's leader in the Chamber of Deputies, spoke bitterly of their "betrayal" by Sr Delfim Netto, the Planning Minister.

In the political horse-trading that followed, this decree was subsequently withdrawn and replaced by a softer version, Decree Law 2065.

A significant dissident minority within the official party, calling itself tha "Participation" group, continues in revolt, complaining that it is being cold shouldered by the Presidential Palace. This obscure faction could by itself have been sufficient to block any attempt by the President to get the IMF-inspired measures through Congress. A temporary truce among Government politicians, aware of the shakiness of President Figueiredo's position if the IMF measures were to be defeated again, has covered over the cracks for the moment.

After the drama of recent weeks, a half way scoreline should probably read: technocrats and soldiers: 1, politicians united: 2. The cold wind blowing over Brazil, as the holders of naarly $100bn worth of debt watch nervously from the sidelines, has had its desired effect.

Decree Law 2065 is a much more complex package of salary and fiscal measures than its ill-fated predecessor Decree Law 2045.

The earlier presidential decree announced on July 13 placed all its emphasis on wage reductions as the key to bringing down inflation and reducing the state sector deficit.

All wages for registered, full-time employees were to be limited to 80 per cent of the official price index. Critics said the measures would hurt lower-income earners most.

Despite strenuous Government efforts to secure its approval, Decree Law 2045 was defeated in the Chamber of Deputies on October 19.

It was immediately replaced by a much more draconian package, involving substantially higher financial corporate and individual taxes as well as a new sliding scale for designed to achieve the same overall effect as its predecessor.

After a week of behind-the-scenes negotiations between Government ministers and politicians, this decree was reshaped into Decree Law 2065. The taxation measures have been retained but its impact on middle-class salaries has been considerably softened.

According to official calculations, six monthly wage rises in the state sector will now be limited to about 84 per cent of inflation. Private sector rises will be about 87 per cent.

U.S. allays British fears over arms sales to Argentina

BY JIMMY BURNS IN BUENOS AIRES

THE U.S. Government has moved quickly to reassure Britain that the planned lifting of its ban on arms sales to Argentina will not be followed by any major weapons purchases by Buenos Aires.

U.S. embassy officials in Buenos Aires said yesterday a decision had been taken in Washington several weeks ago to lift the ban on November 1—immediately after the Argentine elections—as a gesture of goodwill to the incoming civilian authorities.

But the move was held up at the last minute because of Britain'a opposition to the U.S. invasion of Grenada. Argentina's own public condemnation of the invasion was a further factor.

However, the officials indicated yesterday that the ban would almost certainly be lifted, either before Christmas or early next year, in spite of Mrs Thatcher's warning on Monday that this risked further souring Anglo-American relations.

Over the past 18 months Argentina's armed forces have been seeking to replace considerable amounts of equipment destroyed or captured by the British during the Falklands conflict.

But U.S. officials are understood to be sufficiently convinced by the incoming Radical Party administration that such initiatives will be severely curtailed. Sr Raul Alfonsin, the party leader, has publicly pledged to slash defence expenditure next year from 15 per cent of GDP to 2 per cent as part of a major reform of the armed forces.

The U.S. officials also said Washington would restrict major arms sales so as not to upset the delicate balance of military power between Chile and Argentina.

Argentina in the past has shown interest in the advanced U.S.-built F-16 fighters and the F-5G Tiger Cat as well as in long-range naval patrol craft and sophisticated radar equipment.

But the officials said if any sales did go ahead, these would be restricted to spares for the army's Chinook helicopters, and the air force Skyhawks and Hercules C-130 transport planes.

The current ban on arms sales was imposed in 1977, but a rider introduced in 1981 allows President Reagan to resume arms sales to Argentina once he has certified that human rights there have improved.

Feldstein says structural deficit could double

BY STEWART FLEMING IN WASHINGTON

THE structural budget deficit of the U.S., that part of the deficit which will remain even with relatively full employment, will *more than double to $200bn by* 1988, Mr Martin Feldstein, chairman of the President's Council of Economic Advisers, warned Congress yesterday.

Mr Feldstein's comments follow predictions by Mr Donald Regan, Treasury Secretary, that the deficit could shrink to $125bn by 1986.

However, Mr Regan's prediction was based on what he conceded were favourable assumptions, including action in Congress to implement spending cuts the Administration has said it wants, which has looked increasingly unlikely recently.

Mr Feldstein's warning yesterday to the Joint Economic Committee is perhaps his bluntest description yet of the impact he believes current policies will have.

Taking the actual budget deficit of $195bn for 1983, he divides it into a structural deficit of $100bn and a cyclical deficit of $95bn. He then presents the evolution of these two components.

The forecast expansion of the economy is expected to steadily erode the cyclical part of the deficit, reflecting rising tax revenues and cuts in spending on, for example, social security as the economy grows.

But Mr Feldstein says: "The structural deficit is forecast to grow as rapidly as the cyclical deficit shrinks," with the result that the total deficit remains over $200bn right up to 1988.

Murdoch delays launch of satellite TV system

BY WILLIAM HALL IN NEW YORK

MR RUPERT MURDOCH, tha Australian publishing magnate, has postponed plans for tha launch of the first nationwide satellite-to-bome TV system in the U.S. Five satellite transponders which have been leased for $75m for six years are now redundant.

Mr Murdoch moved into the satellite TV business in the U.S. earlier this year when News America acquired Skyband Operations were originally intended to begin later this year but the start-up date was then deferred until June 1984.

It has now been delayed until late 1985 so that the company can take advantage of new developments in satellite technology.

Mr Harvey Schein, who was brought in to bead Skyband, admitted that the five original satellite transpondars were now redundant.

He said his company was taking steps to find other uses for the transponders and refused to speculate on the losses which Skyband's parent, News America, might incur.

Managua prepares for invasion

BY TIM COONE IN MANAGUA

NICARAGUA bas introduced an accelerated military training programma to train thousands of members of a civilian militia in the coming weeks.

Commander Francisco Ramirez, the head of the army's militia forces said on Monday the country bad the capacity to train and arm all tha people, "and we are going to defend ourselves with everything we have."

Sandinista leaders have warned repeatedly in the past weeks of an "imminent invasion" by U.S.-backed right-wing guerrillas supported by U.S. allies in the region as well as of direct intervention by U.S. forces.

Thirty six military training centres in the capital Managua, are to open every evening as well as weekends to provide military training for anybody who wants to receive it. The training programme lasts 20 days. Formerly, training was only carried out at weekends.

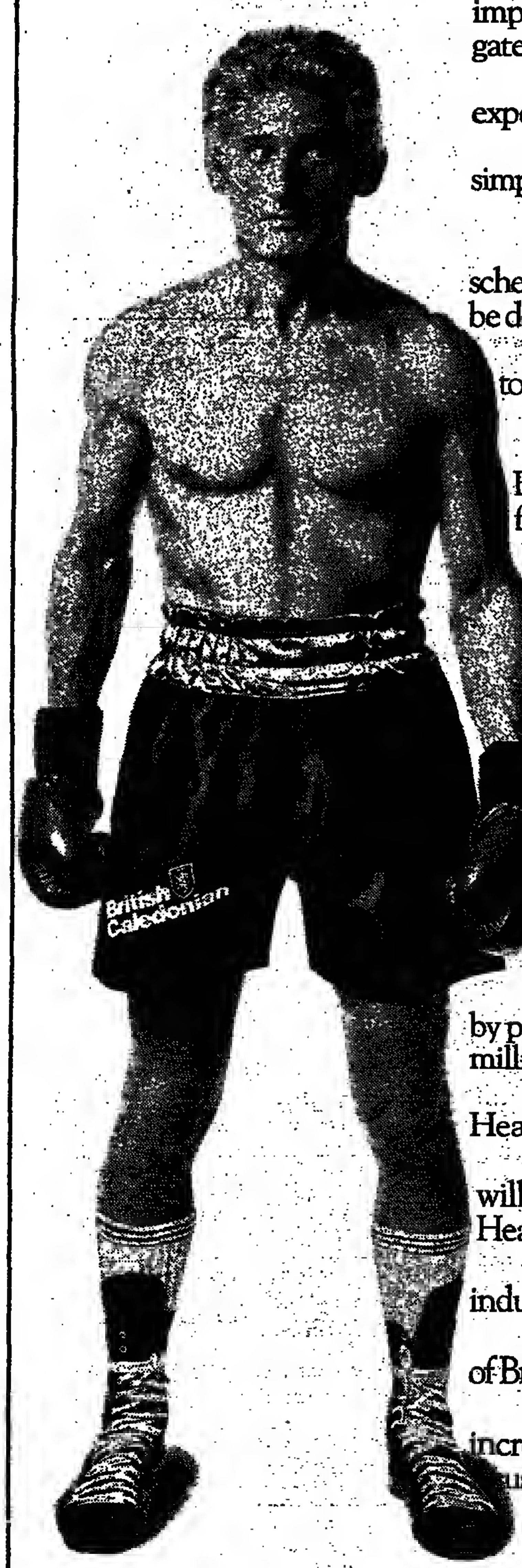
Meanwhile, civil defence teams are being organised throughout the city, and bomb shelters are being built close to strategic targets, such as the oil refinery in the west of the city.

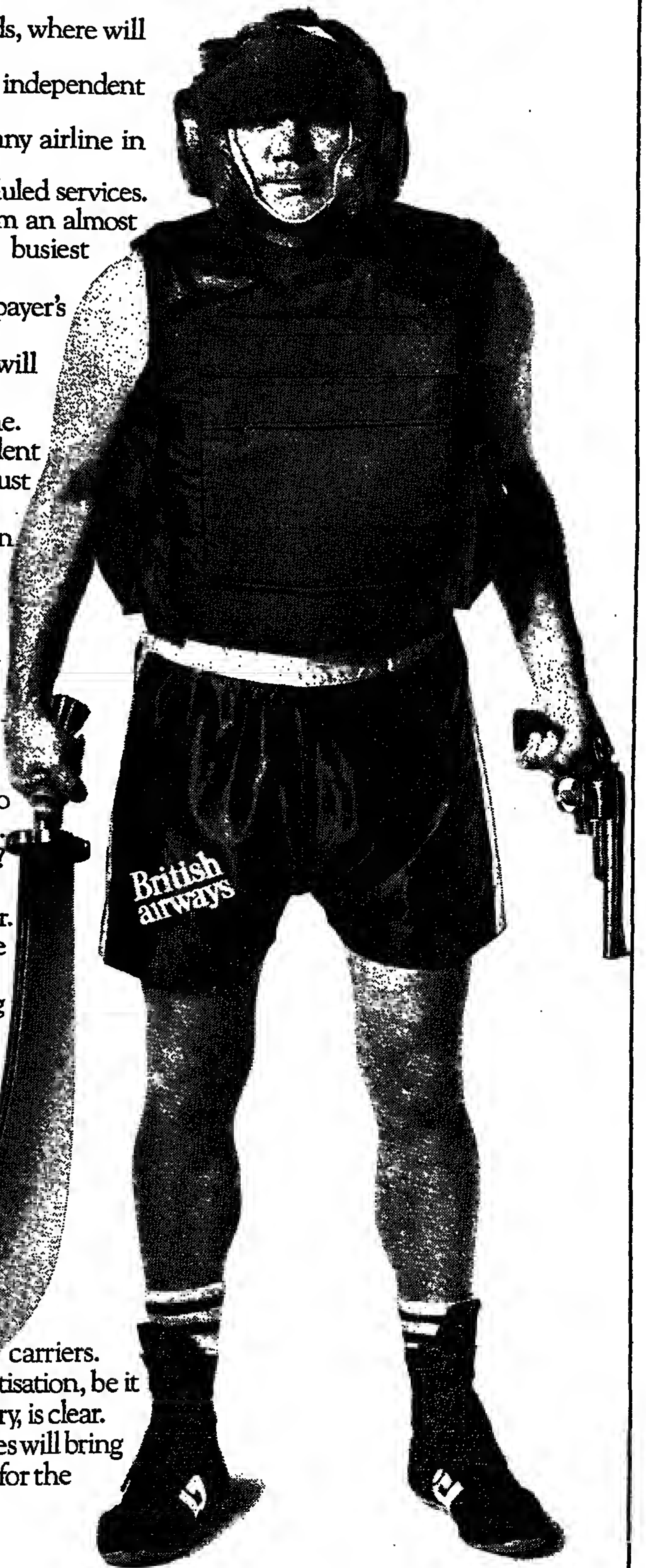
Reuter adds from San Jose: Two top leaders of the anti-Sandinista Revolutionary Democratic Alliance (Arde) have patched up their differences, according to alliance officials.

The officials said Sr Alfonso Robelo and Sr Eden "Commander Zero" Pastora met last night in Panama before leaving for a fund-raising tour of Europe and the U.S. states.

The rebel leaders fell out two weeks ago, when Sr Pastora accused Sr Robelo of sending Arde fighters to train with another guerrilla group which contains many former national guardsmen of the Somoza regime.

We relish the prospect of competing against a privately-owned British Airways. But shouldn't there be a change in the rules?





If British Airways is privatised as it stands, where will it stand?

In a position to stifle the growth of Britain's independent airlines.

It will have the best route network of any airline in the world.

It will run over 80% of our nation's scheduled services.

It will operate the bulk of its services from an almost impregnable position at Heathrow, the world's busiest gateway.

And it will have been freed, at the taxpayer's expense, from the vast burden of its borrowings.

What is now a virtual state monopoly will simply become a private one.

And that can be in the interests of no-one.

In common with other British independent scheduled airlines, we believe that something must be done now.

So we at British Caledonian have put a plan to the Government.

In summary it is this.

British Caledonian would take on certain British Airways routes and operate them all from Gatwick.

(We would, we emphasise, pay for the assets.)

Other services, including British Airways regional operations, would be transferred to those independents wishing to take them on.

Where would all this leave British Airways?

In a much healthier position.

It will still be Britain's biggest airline by far.

But being solely Heathrow based, it will be tighter, leaner and therefore more saleable.

And with 2 major British airlines competing on more equal terms, the British nation itself will win.

The cash burden imposed on the taxpayer by privatisation will be cut by several hundred million pounds.

The congestion travellers face daily at Heathrow will be relieved.

With a fairer share of routes, Gatwick will begin to fulfill its intended role as Heathrow's twin.

And we will at last have a balanced airline industry, structured to take on and beat foreign carriers.

The Government's reasoning behind privatisation, be it of British Airways or any other nationalised industry, is clear.

It believes that breaking up State monopolies will bring increased competition, resulting in a better deal for the customer.

We couldn't agree more.

British Caledonian

WORLD TRADE NEWS

Hong Kong likely to decide on China power deal this week

BY ROBERT COTTRELL IN HONG KONG AND ALAIN CASS IN LONDON

HONG KONG is expected to announce this week its decision to buy electricity from the proposed nuclear power station in Guandong province, China, fulfilling a key requirement for the construction of the $4bn-$6bn (£2.6bn-£4bn) project.

The decision, discussed yesterday by Hong Kong's Executive Council, means that detailed talks could soon begin on the project, the *single biggest investment ever undertaken by China*.

Hong Kong's decision to buy power from the Guandong plant is vital because it will provide the People's Republic with the necessary finance to repay the huge loans required for its construction.

Britain's General Electric Company is thought to be the front-runner to build the conventional island of the plant. This is expected to account for 45 per cent of the overall cost. Framatome of France appears set to win the nuclear reactor package against stiff U.S. competition.

Officials at the Department of Trade stressed yesterday that there would still be a long way to go before a letter of intent was signed even if Hong Kong agreed to buy power from the Guandong plant.

China is likely to drive a hard bargain in an attempt to obtain the lowest possible terms for the financing of the package.

There is also some concern about the determination of the Chinese Government to pursue the development of its hugely expensive nuclear power programme. Some Chinese officials favour the alternative development of China's abundant coal resources. These officials also point to the expected off-shore oil finds.

The power station project is likely to be one of the subjects discussed by Mr Peter Walker, Britain's Energy Minister, when he visits Hong Kong today and tomorrow. Mr Walker's Hong Kong trip follows an official visit to China.

The Hong Kong Government's statement will reflect its final assessment of a report analysing the potential financial implications of buying power from the Guangdong station.

The report, prepared by the London merchant bank Lazards, was submitted to the Government at least five weeks ago.

Analysts note that Sir Edward Youde, Governor of Hong Kong, said on October 5 that the Government's "preliminary assessment" is that "it ought to prove possible to negotiate an offtake agreement."

● Korea Heavy Industries and Atomic Energy of Canada, both state-run, have been picked jointly to build a $1.25bn nuclear power plant for Turkey, AP reports from Seoul. The Korean company said.

The Korean partner said its share in the project is £250m with the remaining £1bn going to AECL. The Canadians will supply a reactor and the basic design, and Korea Heavy Industries will provide generators and other conventional equipment and detailed design for the Turkish power plant with a capacity of 630,000 kw officials said.

U.S., Japan agree to end 'chip' import duty

TOKYO — The U.S. and *Japan have agreed mutually* **to remove import duty of 4.2 per cent on semi-conductors as early as possible, to expand trade in this high-technology field, the Japanese Foreign Ministry said.**

The agreement, emerging from four rounds of U.S.-Japan working-group talks held between April and October, will soon be confirmed by an exchange of official Notes between the two Governments.

The working group **recommended both Governments eliminate the duty, promote mutual investment in related industries, and urged Japan to buy more U.S.-made semi-conductors.**

Ministry officials said Japan will make semi-conductor imports duty-free from April 1, subject to approval by a governmental advisory panel —the Tariff Council.

Japanese exports of semi-conductors, mainly integrated circuits, to the U.S. in the first nine months of 1983 were up 58 per cent in value from a year earlier, while its imports from the U.S. were up 20.3 per cent.

Reuter

California to study foreign tax issue

By Christian Tyler, World Trade Editor

MR GEORGE DEUKMEJIAN, California's Governor, has asked his state trade commission to study the unitary tax system and report on its possible negative effect on inward investment.

The commission is mandated to treat the state's international ***competitiveness*** **as a high priority.**

British lobbyists against the imposition by some U.S. states of unitary taxation on foreign companies, say the commission's work could lead to special exemption for foreign companies investing in California.

Moves are already under way in Florida, the latest of 13 states to adopt the system, to reverse this summer's decision to apply unitary ***taxation.***

Eximbank is facing challenges on support for small businesses writes Nancy Dunne

U.S. states get the export message

"WE don't intend to stand idly by watching our Tennessee jobs snatched away as a result of other countries and their export incentive programmes," a furniture parts manufacturer told a House subcommittee on Capitol Hill recently.

Mr John H. Keisling, president of Cumberland Hardwoods of Sparta, Tennessee, sounded what has become a recurring note of militancy among small U.S. businessmen, seeking Government assistance in boosting exports. With the country facing a merchandise trade deficit of $60-70bn in 1983, their message has been falling on the receptive ears of both federal and state legislators.

The link between exports and jobs has now been commonly accepted here. It is figured that in 1982, exports created one out of every eight new jobs and that the fall in overseas sales during 1980-1982 accounted for 40 per cent of the increased joblessness in those years.

The U.S. Department of Commerce estimates that approximately 25,000 small American businesses produce exportable goods and have the *potential* to sell them abroad. Yet they do not engage in export trade because of a wide variety of problems, says Mr *Harry* Katrichis, a Small Business Administration (SBA) official.

The typical small businessman in the U.S. may simply not know how to locate markets for his product, and when he does, he may have a limited understanding of the mechanics of exporting. He may be completely uninitiated into the mysteries of currency exchanges, marine insurance, foreign letters of credit, customs procedures and the laws and regulations of the importing countries.

Even those sophisticated in the ways of trade face another major obstacle in obtaining export financing. *About 40 per* cent of all exports require pre- and/or post-shipment financing, and commercial banks, worried about the *creditworthiness of* small companies, are reluctant to lend them money.

Washington's Export-Import Bank, resentfully called "Boeing's bank" by some because of its support for large manufacturers, particularly aircraft producers, has given small business comparatively little assistance. A study by Congress' Government Accounting Office found that less than 3 per cent of the direct loans and loan guarantees made by the Eximbank in fiscal 1982 went to small firms.

While the Bank made some $136m available in fiscal 1983 in the medium-term credit most used by small business, its discount loans—much the same thing—dropped from $412.2m *in fiscal 1982 to $23.1m the next* year.

The Eximbank budgeted $100m for its small manufacturers programme *in fiscal 1983* and 1984 but used only $22.1m in the first year. Its officials say no applications were rejected, but the general worldwide decline in *demand for* exports resulted in a drop of financing requests.

"Small and medium-sized companies find it difficult to become aware of the Eximbank's programmes and to get access to them," says Mr Delio E. Gianturco, president of First Washington Associates, a consulting firm, and a former bank official. *He points out* that a nationwide survey found that only about 15 per cent of all U.S. manufacturers actually *know what the Eximbank* actually does.

Thousands of small U.S. companies are increasingly aware of the importance of exporting, but many believe the Export-Import Bank caters only to the big corporations. Many states are moving to fill the void by setting up their own state-level export support facilities

More and more, states are stepping into the financing breech. About *half-a-dozen* have now passed export financing laws, and about 18 others have introduced such legislation, says Mr Gianturco.

Tennessee is one of them. Although the state ranks 15th *in manufactured export volume*, its businesses have received virtually no assistance from the Eximbank in the last 10 years *due either to ignorance about* the bank's programmes or because they were discouraged by what they regard as its time-consuming, confusing credit *applications*.

In May, Tennessee passed legislation establishing the Tennessee Competitive Export Corporation (TCEC), which will help package and process Eximbank programmes for local businessmen and market other federal export financing plans. Initially the TCEC will not be directly involved in making loan guarantees, but it may one day form an export trading company. (Federal legislation passed last year *allows* competitors to join forces to market their goods or services abroad without fear of national anti-trust violations.)

In *June*, Minnesota established an Export Finance Authority and authorised $2m in state funds to guarantee loans for short-term working capital. South Carolina has approved $6m for a state small business financing authority.

In Illinois the Governor vetoed legislation to set up an export financing programme on the grounds that there is sufficient, and unused federal funding around. However, the state plans to train marketing representatives expert in Eximbank procedures who will work with small businessmen to make financing applications.

The Eximbank says it welcomes *state attempts* to help publicise and sell the bank's programmes, but is worried that independent state financing may not conform to guidelines established under the General Agreement for Tariffs and Trade or the Organisation for Economic Co-operation and Development consensus. The bank itself has instituted an active "outreach" programme to educate small businessmen. Specifically, it is promoting:

● A small manufacturers' *discount loan programme, providing* fixed rate financing for 1-5 years on contracts valued at about $2.5m or less.

● A "new to export" insurance policy, which charges reduced premiums and covers 100 per cent of the political risk and 95 per cent of the commercial risk during the first two years.

In congressional testimony, Mr Carlo B. Gentilomo of the U.S. Chamber of Commerce complained that a 1 per cent interest rate margin which regional banks are allowed to charge on transactions financed with Eximbank's medium-term money ultimately forces small companies to mortgage their businesses and any other assets they may possess.

"Understandably, most smaller firms are reluctant to put their livelihoods on the line for a single export sale."

Qatar 'cuts $1 off crude price'

BY RICHARD JOHNS

QATAR is reported by oil companies and traders to be offering discounts from official selling prices of up to $1 per barrel in a bid to boost exports and increase revenues.

In the process, it is said by oil companies and close market observers to be exceeding its output quota under the Organisation of Petroleum Exporting Countries' production sharing programme concluded last March.

More serious for the world price structure at a time when spot rates are being remorselessly eroded is the fact that it is the first member of Opec to be clearly identified as giving undisguised discounts.

Hitherto, breaches of the Opec agreement on observance of official selling prices have been in the form of disguised discounts relating to products or crude sold under processing deals, according to close observers of the market. In themselves, these were not regarded as serious.

Qatar was given a quota of 300,000 b/d under the Opec production sharing agreement. Its actual output is believed to have surged to more than 350,000 b/d.

Its two varieties of crude, Qatar Dukhan and Qatar Marine, have official selling rates of $29.49 and $29.30 respectively. They are reported to have been offered on the spot market at a discount of $0.70-$1.

They are premium crudes and generally reckoned to have a slightly high differential in relation to Arabian Light, the Opec reference. This year Qatar's output has generally run at less than 300,000 b/d.

Recently, Sheikh Abdel-Aziz al-Thani, Qatar's Minister of Finance and Petroleum, called for observance of Opec's prices and production pact. At the same time, somewhat confusingly he said that the state needed an output of 420,000 b/d if it was to balance its budget.

Nigerian output, meanwhile, has fallen to only 1.1m b/d compared to its ceiling of 1.3m b/d, because of falling U.S. demand, according to one major oil company. This has led to fears that it might be tempted to offer discounts.

Norway accused of unfair North Sea operations

FINANCIAL TIMES REPORTER

NORWAY was accused last night of unfair competition and "dumping tonnage" in the British sector of the North Sea off-shore operations.

The accusation was made by Mr Richard Tookey, president of the General Council of British Shipping, when he addressed the annual dinner of the Glasgow Shipowners' and Shipbrokers' Benevolent Association.

Mr Tookey said that of the 151 supply vessels working in the British sector, 41 were Norwegian. In the Norwegian sector, 72 boats were working—70 of them Norwegian, and none British.

"This disparity is of enormous concern to us," he said. "We have raised this matter repeatedly with our Norwegian friends but the situation has not got better, it has got worse.

"Now we have raised it with the British Government."

There was great export potential in the off-shore business and British ships were working all over the world including Canada, West Africa, Brazil, Indonesia and China. "But we increasingly find ourselves under threat from protectionism of one kind or another."

Mr Tookey reiterated the need for the Government to battle to keep international *shipping markets open.*

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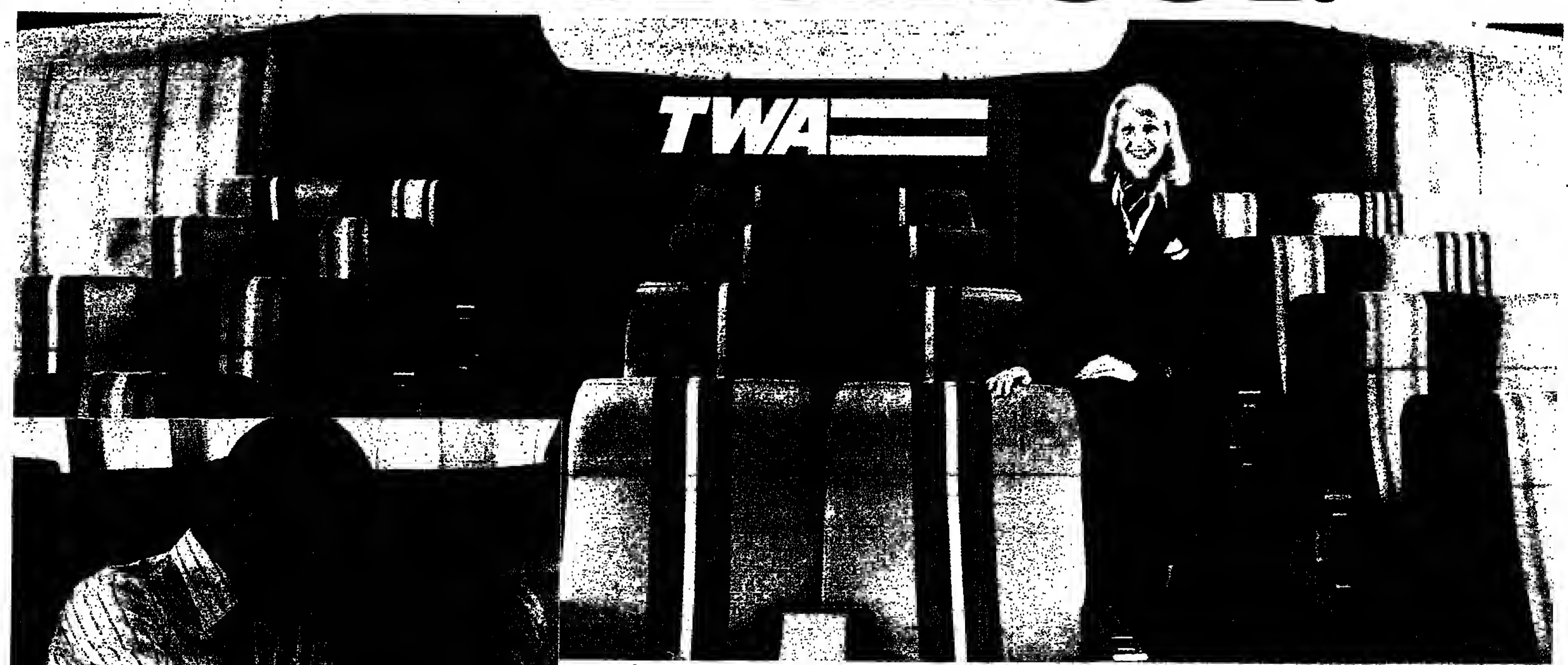
& foremost.



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Seamen to vote on industrial action

By Brian Groom, Labour Staff

BRITAIN'S 24,000 merchant seamen are to be balloted on selective industrial action after their union leaders last night rejected an improved 5.3 per cent pay offer from the General Council of British Shipping.

This could lead the recession-hit shipping industry into its first national pay dispute since 1980-81. Five weeks of industrial action then made nearly 300 ships idle and another 400 were affected by overtime bans and lightning stoppages.

Mr John Keville, the shipowners' chief negotiator, said yesterday industrial action would be disastrous and would destroy more jobs. Since the last dispute the shipping slump had caused 340 ships and more than 4,000 jobs to be lost in the merchant fleet.

Ballot papers will go out to the seamen on Monday. They will make clear that a vote to reject the offer means industrial action. The process will take about four weeks.

Mr Jim Slater, general secretary of the National Union of Seamen (NUS), said the union's 13-member executive had decided unanimously to urge rejection. Members had always voted to support their negotiators' recommendations in the past.

The council's previous offer of 4.8 per cent on basic rates was raised to 5.1 per cent, taking it to £82 a week. It would raise the average earnings of a foreign-going seamen while at sea by 5.3 per cent to £158.54. The NUS's claim is for substantial but unspecified pay increases. The settlement date is January 1.

Mr Slater said: "We have contributed to the full to get shipping out of its crisis but there are limits. Basic pay is atrociously low and not compatible with the work an able seaman has to do."

The British fleet is down to 810 vessels weighing a total of 23.4m deadweight tonnes. The UK has 17 per cent of its tonnage idle, compared with a world average of 13 per cent.

CBI to oppose law on worker participation

BY JOHN LLOYD, INDUSTRIAL EDITOR

THE CONFEDERATION of British Industry (CBI), the employers' organisation, yesterday gave formal notice that attempts by the European Commission to legislate for workers' involvement in UK industry would be strongly resisted.

At the final day of the CBI's conference in Glasgow every speaker opposed legislation based on the so-called Vredeling directive of the EEC.

Mr Alan O'Hea, of the CBI's southern regional council, called on Mr Tom King, the Employment Secretary, and Mr Norman Tebbit, the Trade and Industry Secretary, to "use the country's constitutional right to block these proposals once and for all."

The CBI believes that the UK Government, which is due to publish a consultative document on the proposals today, might find support from Italy and the majority of the smaller EEC countries to ensure their defeat.

Companies were urged by the CBI to involve workers instead through voluntary action. Many speakers gave enthusiastic details of their own companies' success at employee participation in day to day decisions.

Sir Alex Jarratt, chairman of the CBI employment policy committee and of Reed International, said involvement of employees required commitment, the investment of time and money and acceptance of the need for training. This could not be achieved by legislation. The EEC proposals were concerned with structures and procedures rather than with flexibility and commitment.

The conference also endorsed the CBI council's opposition to the EEC Commission's proposals for a shorter working week. Mr John Harrison, director of the Knitting Industries Federation, said management had a responsibility to stop the leap towards self-destruction through reductions in working hours.

He said alleviation of the "social curse" of unemployment did not lie in a 35-hour week, particularly without any compensating reduction in pay, and in six weeks' paid holiday.

Sir Alex Jarratt said: "Some companies claim flexible working practices and harmonisation of conditions can result in, or be linked with, increased productivity." But revised hours suited to the requirements of an individual enterprise were a different matter to initiatives designed to increase jobs.

CBI leaders played down members' criticism of government policy on the economy but continued to press for more controlled growth. Sir Campbell Fraser, the CBI president, and Sir Terence Beckett, the director general, stressed that the CBI position on the economy had not radically changed and that their submission to the Government in the approach to next year's budget would call for moderate growth within the anti-inflation strategy.

Conference debates revealed strong support for new government initiatives to make the breach of procedure agreements by trade unions punishable by loss of the unions' immunities from legal action.

Dr Keith Humphreys, managing director of May and Baker, said that if the Employment Secretary could secure no-strike undertakings in these services from the Trades Union Congress (TUC), "so much the better."

He warned, however, "the issues are too important for us to be satisfied with vague assurances. That is why the Government must consult widely on the issues and be prepared to take firm legislative action if talks with the TUC bear no early fruit."

Dr Humphreys delivered an oblique warning to the Government that the CBI might look for further legislation if it was found that the Post Office Engineering Union's action in blacking the Mercury telecommunications company was lawful.

Union braced for Mercury setback

By Philip Bassett, Labour Correspondent

LEADERS OF the Post Office Engineering Union (POEU) were preparing themselves last night for an expected decision today by the Court of Appeal against the union's blacking of Mercury, the private telecommunications company.

If the court decision goes the way union leaders now expect, it will be both a major setback for the union movement, strengthened by the earlier High Court judgment in the case in the POEU's favour and at the same time will remove the need foreseen after the original decision by influential groups, such as the Institute of Directors, for a change in the Government's Trade Union Bill, which received its second parliamentary reading yesterday.

Senior POEU figures at the union's reconvened annual conference at Blackpool were making no public predictions about the judgment to be delivered today by Sir John Donaldson, Master of the Rolls, on Mercury's appeal.

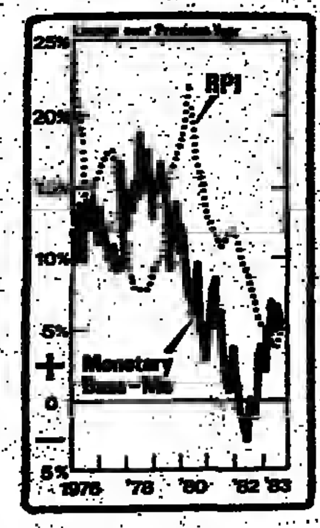
Privately, though, union leaders were accepting that the judgment would go against the POEU, and that Mercury would be granted an interlocutory injunction under the 1982 Employment Act, restraining the unions industrial action against the company.

In advance of this expected decision, POEU leaders were yesterday making arrangements for an emergency meeting of the union's executive committee this evening, to be followed tomorrow by a discussion of the judgment in a private session of the conference.

If the judgment goes as expected, the executive and the conference will be faced with tough decisions as to whether to become the first union to yield to the courts in the first significant practical test of the Government's labour legislation, whether to appeal a contrary judgment, or face legal action.

Lawson cuts his way into monetary jungle

BY MAX WILKINSON, ECONOMICS CORRESPONDENT



TREASURY TECHNICIANS are putting the finishing touches to the 1984 version of the strategy for monetary control, due to be unveiled officially in the March budget.

A preview of the general shape of the policy was offered by Mr Nigel Lawson, the Chancellor of the Exchequer last month, when he outlined plans to add a new indicator, Mo, to the present array of monetary targets.

Since then, the City of London has been busy speculating about the mechanics of the new system and the implications for interest rates. Mo is, perhaps, the simplest of all the measures of the money supply to understand, since it consists mainly of the notes and coins in general circulation.

In principle Mo, or the "monetary base," should be easy to control, since the Government could literally stop printing money in order to restrict its supply. The idea that this should be the main lever of monetary control has been supported by a number of economists who argue that squeezing the amount of cash in circulation would also curb the banks' ability to expand credit.

However, Mr Lawson made it quite clear that this approach for "control of the monetary base" was not what he had in mind. So what will the new system amount to?

The almost obsessive secrecy of the Treasury's review of monetary policy this summer suggests that the Chancellor attaches considerable importance to the change. But financial markets have been left divided and confused, sensing that something is in the wind, but uncertain how to read the signs.

Mr Gordon Pepper, the distinguished monetary commentator, who is economic consultant to the broking firm of Greenwell, wrote: "Whatever Mo's precise role in future, one thing is certain, market participants must now monitor its behaviour closely." Mr Gavyn Davies, senior economic analyst for Simon and Coates, believes monetary and exchange rate policy will be broadly unchanged. "The addition of Mo to the target variables represents only a minor amendment," he says.

The shift of emphasis may be of more importance, however, from the broader perspective of the development of Conservative thinking about the economy.

It might even be seen as the formal abandonment of the strict doctrine that control of the money supply (and the defeat of inflation) as the supreme objectives of policy to which all else, including interest rates and the exchange rate, must be subordinated.

During the last three years, this has given way to a much more pragmatic or "seat of the pants" approach to interest rates with three not always compatible objectives – control of the money supply, the maintenance of a "fairly stable" exchange rate, and a growing anxiety that nothing should be done to abort the recovery.

In 1979, when Mr Lawson was Financial Secretary to the Treasury, these objectives were seen to be intimately related, at least for the medium term. The defeat of inflation by strict control of the money supply was the groundwork from which recovery would spring. Monetary discipline, coupled with lower government borrowing, would cut interest rates, while lower inflation would help to stabilise sterling.

Now Mr Lawson presides over a very different economic landscape, with inflation (for the time being at least) much subdued and interest rates strongly constrained by international influences, particularly from the U.S.

Moreover, the alarmingly steep plunge of sterling in November last year emphasised the extremely delicate balance of government policy at that time. It wanted lower interest rates and, perhaps, even some fall in sterling as a help to recovery, but was extremely anxious about the inflationary consequences of too steep a fall in the pound. At some point it would undoubtedly have raised interest rates to defend sterling.

Money supply had proved notoriously difficult to control. During the period of the last government, sterling M3, the broad definition of money which includes bank deposits, grew at an average annual rate of 13.5 per cent, and between mid-1980 and mid-1981, it grew by 22 per cent. One of the Treasury's first tasks after the general election in June was, therefore, to search for a better answer to the question: "What is money and how can we control it?"

When the medium-term strategy was being drawn up in 1979 the narrowest definitions of money were rejected as inadequate for the main focus of policy. Mo, for example, does not represent the total amount of money available, since people use cheque books as readily as cash.

However, M1, which includes bank deposits which can be withdrawn without notice was also considered too restrictive. This was because people readily switch money out of longer term deposit accounts to make purchases.

This was why it was decided to choose M3, the broad definition of money which includes all bank deposits as the main target.

Unfortunately it is very difficult to distinguish in practice between money earning interest in a deposit account which is regarded mainly as an investment, and money regarded mainly as a liquid asset, which is temporarily earning interest in a deposit account.

Moreover, it was discovered that raising interest rates, (which should in theory reduce people's desire to hold money), actually increased M3. This was because increased interest payments were automatically credited to many accounts. This is only one of the reasons that M3 has become almost uncontrollable in recent years.

In its review this summer, the Treasury had to face another problem – that some definitions of money could be too easy to control. The non-interest bearing part of M1 comes into this category, because a rise in interest rates would simply cause people to switch money from current accounts to deposit accounts.

Competition from building societies, which are now offering cheque facilities on interest bearing accounts, and the development of interest bearing current accounts, makes the general picture almost hopelessly confused.

Stena orders £100m vessels on Wearside

BY ANDREW FISHER, SHIPPING CORRESPONDENT

SWEDEN'S Stena Line yesterday placed a £100m order for three highly sophisticated offshore service vessels with Sunderland Shipbuilders, the Wearside yard of nationalised British Shipbuilders.

The contract for the ships, one of which is still optional, follows 18 months of negotiations with the yard which has made great productivity efforts in recent years.

It brings the order book at Sunderland Shipbuilders to nearly £200m, and guarantees work for 1,000 workers at the yard's covered Pallion facility over the course of three years.

"Sunderland probably has the best order book in any merchant yard of British Shipbuilders," Mr Eric Welsh, managing director of Sunderland Shipbuilders, said at yesterday's signing at Stena's British office in Aberdeen.

The 1,850 hourly-paid workers at the two Sunderland yards, including Pallion, called off a pay strike at the weekend. Mr Welsh said this dispute had not threatened the granting of the Swedish order.

The UK yard was in stiff competition with other European yards. Stena said 32 yards were originally considered.

The British yard's closest competition came from Finland, Denmark, Sweden and West Germany. Sunderland did not offer the cheapest price, but Stena was impressed by its productivity achievements and delivery date promises.

The first ship is due to be delivered in around two years, and the second four months later. Stena operates offshore vessels in Brazil, New Zealand, Mexico, the North Sea, and has one in service with the British Government in the Falklands.

MacGregor reshapes NCB team

By Maurice Samuelson

MR IAN MACGREGOR, chairman of the National Coal Board (NCB), has ordered changes in the top management structure to give him closer control over the day-to-day running of the industry.

A new Office of the Chief Executive has been created and full-time board members are being relieved of some of their executive functions.

The new arrangements resemble those at the British Steel Corporation where Mr MacGregor, then its chairman, worked very closely with Mr Bob Scholey, deputy chairman and chief operating officer. They reflect the fact that Mr MacGregor, who became chairman of the NCB at the end of August, is the first man to take the title as well of NCB chief executive.

Mr MacGregor's senior partner at the NCB is Mr James Cowan, deputy chairman and deputy chief executive. Under the changes, the industry's 12 areas will report directly to Mr Cowan. In the past, the board's full-time directors were each responsible for groups of areas.

The changes, implemented over the past fortnight, could be followed by even more ambitious reforms as a result of an industry-wide study by McKinsey, the international management consultancy.

The study, for which a preliminary report may be ready by the end of the year, is believed to include the possibility of giving the individual areas a greater say in planning and investment.

Rail 'crash' will test nuclear containers

BY DAVID FISHLOCK, SCIENCE EDITOR

A FULL-SCALE train crash is to be staged in Britain to test the ability of containers which carry highly radioactive spent nuclear fuel to withstand a serious accident.

The crash will not involve any radioactive materials, the Central Electricity Generating Board (CEGB) said yesterday. It announced it was mounting a new programme of tests on its spent fuel casks, at a cost of several million pounds, in an effort to reassure the public about their safety.

It is also accelerating the phasing out of the last of the original design of cask after the discovery of cracks in scale models used for testing.

The move is the second in Britain within a week intended to allay public disquiet about nuclear safety. Last Wednesday, the Government appointed Sir Douglas Black, former president of the Royal College of Physicians, to investigate allegations of a high incidence of leukaemia among children living near British Nuclear Fuels' reprocessing factory at Sellafield in Cumbria, formerly called Windscale.

The electricity industry sends by rail spent fuel from its nuclear stations for chemical treatment at Sellafield.

The Department of Transport is the authorising agency for this transport. Mr Nicholas Ridley, Minister of Transport, said yesterday the CEGB had notified his department that it would no longer be using its original design of cask after November 14.

The CEGB said that recent drop tests in Cheddar Gorge, Somerset, on scale models of this cask, under conditions which simulated a rail crash at 60 miles an hour or more, had produced "some minor cracks" in welds used to seal the fabricated steel plates.

Since 1979, it had been replacing this type of cask with a forged steel cask costing about £250,000.

As a result of the drop test, the CEGB decided in September to accelerate by six months the withdrawal of the last two of its original 29 casks.

Mr John Baker, CEGB member, said last night that the board planned to carry out full-scale drop tests as soon as modifications had been made to its Cheddar test station; in the first half of 1984. The rail crash would be made using British Rail rolling stock at the end of next year of early 1985.

Full-scale tests on flasks, including a rail crash simulation, have been urged on the nuclear industry for several years by groups opposed to nuclear power. Previously the CEGB has argued that the testing of scale models is a generally accepted engineering practice for highly stressed engineering structures.

A widely publicised film made by the U.S. Department of Energy shows a full-scale crash of a train carrying 80-tonne nuclear fuel casks of the type used in water-cooled reactors in the U.S. The casks survived the crash – but little else did.

Fraser set for overseas push

BY CHARLES BATCHELOR

HOUSE OF FRASER, the Harrods stores group, will shortly start its plan to franchise the House of Fraser name overseas.

The aim is to create an international chain of House of Fraser stores in the main world centres. The Middle East, in particular Saudi Arabia, is seen as an attractive market. House of Fraser International will provide managers and merchandise and also train staff.

The group yesterday awarded what is claimed to be one of the largest recorded retail design contracts to modernise 50 of its UK stores at a cost of £100m over the next five years. The contract was won by Allied International Designers (AID), which is involved with House of Fraser in the overseas franchising venture.

Fraser aims to redesign half its UK store chain in response to the push by retailers such as Marks & Spencer and British Home Stores (BHS) into the department stores market. Those two companies have extended their product ranges and upgraded the decor of a number of stores.

Mr Murdoch McMaster, Fraser stores director, said the strength of the competition had persuaded Fraser to spend the money. Stores such as BHS and Marks & Spencer had been competing strongly.

Fraser wanted to create an atmosphere that would encourage shoppers aged 25 to 45. "We found we were catering for the older customer and in some areas we were too expensive."

AID is part of AIDCOM International, the first UK design group to obtain a quotation on the unlisted securities market. It won the Fraser contract against competition from Conran Associates, Fitch & Company and two New York design teams, CNI and Gerber Belit.

Mr Roland "Tiny" Rowland's Lonrho group, which has been trying unsuccessfully to hive off Harrods from the rest of Fraser, had no objections to the store refurbishment plan, Mr McMaster said.

The second in a series of public announcements.

Privatising British Telecom: a time to deal in facts, not fears.

The privatising of British Telecom has stirred up political controversy. Leaving the political issue aside, there is now an urgent need to clarify the points below in the interests of truth and the customer.

Q. Is it a case of public service versus private profit?

A. No. In a competitive world, profit comes only from giving customers what they want, efficiently. The drive for profit, therefore, must be good for the customer.
As a Public Limited Company, with innovative technical and human resources and freed from Government control, British Telecom must be encouraged to become a major force in tomorrow's world of telecommunications. Anything less will be bad for British industry and the nation.

Q. Can foreign shareholders take control of British Telecom?

A. No. There will be a strict ceiling on the shareholding of any individual or group of individual shareholders, even within this country. And the Government will hold the largest number of shares. Even a UK takeover, let alone a foreign takeover, will be impossible.
Many good opportunities for business growth lie in overseas markets. If shares are quoted on foreign stock exchanges it will aid our prospects of competing in those countries.

Q. Is it true that residential 'phone charges will shoot up, that rural, emergency services and many kiosks will be cut back? And that services for the disabled will be abandoned?

A. No. British Telecom is fully committed to maintain these services. In any case, the Licence under which British Telecom will operate is a legal safeguard of all services for which there is reasonable public demand.
With regard to residential charges, the Licence specifically relates increases to the Retail Price Index.

This is the first time in British history that the provision of many telecommunications services will be required by law – a far stronger safeguard than has previously existed.
British Telecom is already one of the most technologically advanced telecommunications systems in the world. It has every intention of going on getting better and adapting to compete in the world market-place.
We shall always have the interests of you, our customer, at the forefront of our thinking.

British TELECOM **Keeping the customer informed.**

ENERGY REVIEW

Uranium enrichment: the dilemma facing the U.S.

By David Fishlock, Science Editor

THE INTERNATIONAL nuclear industry is still keenly awaiting the new U.S. commercial strategy for uranium enrichment, first promised last summer. That it should be delayed, however, is no surprise to those who have followed closely the agony of the U.S. Administration as it wrestles with the options for an industry it once monopolised in the non-Communist world.

This was the position as recently as a decade ago, when the U.S. held virtually 100 per cent of this market. Uranium enrichment is the most difficult of all nuclear power technologies and the key step in manufacturing nuclear fuel. It accounts for about 40 per cent of the cost.

In the 1960s the U.S. Government organised its three big enrichment factories — built during and right after the Second World War—into a new state-owned industry supplying enrichment not only to the Pentagon, for which the plants had been built, but to electricity utilities at home and abroad.

Today the U.S. factories account for only some 35 per cent of the non-Communist world market for enrichment. Three competing enrichment operations — Eurodif and Urenco in Europe, and the USSR Government — have picked up the other two-thirds. Eurodif, through the activities of Cogema Inc., U.S. subsidiary of the French Government's nuclear fuel company, has even tweaked the tail of the U.S. Administration by picking up a couple of contracts from U.S. utilities.

Two separate but closely related decisions face the U.S. Government in trying to meet belatedly what it has come to recognise as formidable competition from Europe. One concerns its future commercial strategy in face not merely of the competition, and an unsettled market, but of a short-term outlook quite different from the forecasts of a decade ago. The other concerns future investment and the right choice of technology for the 1990s and beyond, when another major expansion of nuclear energy worldwide is confidently being forecast.

The U.S. problem begins with its three enrichment factories, which use the gas diffusion process developed during the war. They underwent a major and costly refurbishing programme during the 1970s, which upgraded the technology and increased their capacity by about 50 per cent.

Today, they are running at 40 per cent capacity, including their contracts for the Department of Defense. No new U.S. reactors have been ordered for five years and scores that were planned, even started, have been cancelled, mainly because of the recession and lower electricity demand forecasts. No fresh U.S. reactor orders are expected for several years yet.

Enrichment is not a tangible product but a physical change wrought in uranium by increasing the proportion of the fissile uranium-235 isotope present. It can be pictured as energy storage, in which electricity is added to the uranium by separating the desired fraction. So the industry quotes capacity in "separative work units" (SWU).

Dr Shelby Brewer, the nuclear engineer who is currently the assistant secretary in charge of nuclear programmes at the U.S. Department of Energy, sees the problem as centring on a secondary market of 30m-40m SWUs "sloshing around" internationally because utilities over-ordered this long-lead item in the mid-1970s. Dr Brewer admits bluntly that this secondary market can undersell any SWUs his factories can produce today. He believes that there will not be a stable market for enrichment again until this secondary market evaporates — and that could mean another five to 10 years.

Worse still, as he sees it, if all the enrichment organisations now operating stay on their present growth curves for installed capacity, the surplus will not disappear until the next century.

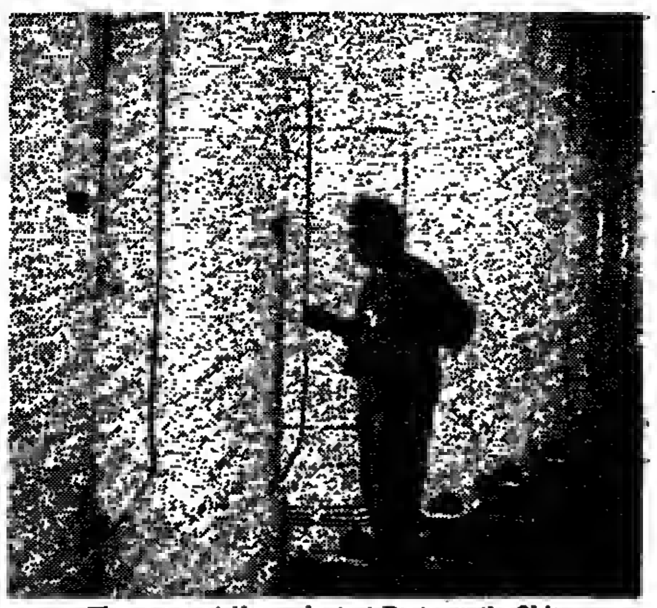
Somehow this secondary market must be made to disappear, he says. One way could be for the U.S. Government to buy up the surplus and stockpile, but it would be anathema to the present Administration.

Dr Brewer also wants more commercial freedom for his enrichment operation to compete with foreign suppliers such as Eurodif and Urenco. Eurodif, through Cogema, has obtained what it claims are "not token contracts but very significant quantities" for delivery in the U.S. itself from the late 1980s onwards. Moreover, the French are selling enriched uranium, not just enriching a client's uranium—which is all that the U.S. operation is permitted to do.

Cogema is a uranium producer with its own mine, Pathfinder, in the U.S. No two utilities are alike, says a senior Cogema executive. "Each has its own problems." Cogema can offer what he calls "financial engineering" to get the best out of a given utility's inventory.

This is the kind of flexibility Dr Brewer is seeking for his new U.S. enrichment strategy. So far, the most evident change has been the replacement of Mr William Vogt Jr, who presided over the rise and fall of the business as deputy assistant secretary responsible for enrichment, with Mr John Longenecker, the 34-year-old engineer now running the programme.

Looming just beyond today's problems for Messrs Brewer and Longenecker are the technological decisions. "We've got technological overkill," Dr Brewer reflects, unhappily.



The gas centrifuge plant at Portsmouth, Ohio

Although its refurbishing programme for the present factories is only recently finished, the gas diffusion technology remains energy-intensive. Moreover, the operation is paying heavy penalties to Tennessee Valley Authority for electricity it contracted to buy but which is not being consumed by factories running at only 40 per cent capacity. The U.S. General Accounting Office estimates that by 1992 the operation will have paid $1.23bn in penalties for unused electricity.

One body of advice urges that the U.S. should phase out this energy-hungry activity as swiftly as possible and restructure its business round more advanced technology, namely the gas centrifuge. This is the technology Urenco, the Anglo-German-Dutch organisation, has exploited to carve itself a modest slice of the international market. Urenco claims its latest production machines consume only one-twentieth of the electricity of the diffusion process.

At the Portsmouth, Ohio, site of one of its diffusion factories the Department of Energy is already constructing a gas centrifuge enrichment plant (GCEP), usually known from these initials as "geesep." GCEP is expected to cost about $10bn—it is one of the biggest construction projects in the U.S. It is being equipped with gas centrifuges 10 times as big as those of Urenco, ranked like rows of redwoods as the photograph above shows.

Few engineers would contest the fact that it is a considerable technical achievement to get this new enrichment technology, using machines spinning at supersonic speeds, to this stage. But is it good enough for the problems the U.S. industry faces?

The GCEP technology differs philosophically from that of Urenco, inasmuch as it involves a much bigger machine. Unlike Urenco, GCEP's operations will involve a big repair and maintenance activity.

What is not in dispute is that GCEP's capacity, which will increase present U.S. enrichment capacity by nearly one-third, is not needed. What is in dispute, however, is whether it would improve U.S. chances in the enrichment market if it strove to replace its diffusion capacity with more economical centrifuges as fast as possible.

Complicating any decision is the existence, at least conceptually, of more advanced versions of the U.S. centrifuge—more productive and thus needing less electricity. Those currently being installed are called Set III machines. They are expected to produce their first commercial enrichment in 1988. The Department of Energy talks of Set IV machines ready to be installed from about 1985, and Set V machines from about 1988.

The Set IV machines will be an uprating of present centrifuges, with perhaps 50 per cent greater output. The Set V machines are seen as a much bigger leap, involving advanced materials and aiming to double the output of Set IV. But development of Set V machines has not yet begun.

Enter at this stage a quite different kind of enrichment technology, which has been making rapid strides in recent years, although no-one yet uses it commercially. This is the use of lasers to excite the desired isotope of uranium and thus enable the positively charged atom to be pulled from the bulk of the metal by a magnet.

The big attraction of laser enrichment is that it promises not only to cut down on electricity consumption, as the centrifuge can do, but cut capital investment, its proponents say, to a fraction of that needed for the alternative routes.

In the late-1970s the U.S. initiated a three-horse race between advanced enrichment techniques, two using lasers and one plasma. Last year it eliminated plasma, leaving the laser techniques still in the race.

The leader at this stage is atomic vapour laser isotope separation (AVLIS), developed by the Lawrence Livermore National Laboratory in California. It uses an electron beam to boil a crucible of uranium. The uranium vapour streams off in a sheet which is pierced simultaneously by several dozen pulses of laser energy.

At Lawrence Livermore they call it "optical distillation," an apt enough term for a compact and elegant method of separation. The optics are complex but the metallurgical side is simpler than handling boiling uranium may suggest.

Last year the Department of Energy declared AVLIS to be clear leader in the race to get started on the next stage. It authorised construction at Lawrence Livermore of an engineering and economic demonstration of AVLIS by the late-1980s to early-1990s. This leads its proponents to hope for commercial acceptance early in the 1990s.

The laboratory also launched a demonstration of the use of the same technology to enrich plutonium for the Department of Defense. It even uses the same optical engineering, albeit tuned to a different frequency. The urgency of the Pentagon's need for more military plutonium means that AVLIS is thus given still greater impetus.

The most optimistic view of AVLIS suggests that the U.S. should simply abandon GCEP, since there is no urgency to have its enrichment capacity, and await the final proving of AVLIS. It even argues that the main factor, which prevents such a decision today is not the remaining engineering problems of AVLIS—it admits that a few do remain—but the cost of abandoning GCEP. It estimates that to terminate GCEP now could cost $3bn to $4bn, partly in making it sufficiently safe and secure.

This optimistic view of AVLIS is summed up in these estimated U.S. costs from Lawrence Livermore of enrichment by the three technologies: gas diffusion, $100-120 per SWU; gas centrifuge, $100-120 per SWU; AVLIS, $20-30 per SWU.

But not everyone shares the AVLIS proponents' confidence that the technology is poised to leapfrog the centrifuge, and restore the U.S. position in the world enrichment market. More cautious hands say the centrifuge and AVLIS are on different time scales, 10-15 years apart in reality. AVLIS is a potential successor to the centrifuge but not yet ready to displace Set III machines, much less the advanced Set V centrifuges foreseen in the 1990s.

Then there are those who say that the competing laser technology which lost the first heat to AVLIS may yet overtake it. This is molecular laser isotope separation (MLIS) under development at Los Alamos. Two industrial contractors, Rockwell and Du Pont, advised the Department of Energy that MLIS enrichment would be double the cost of AVLIS.

But Dr Herman Roser, a top official from the Department of Energy, appearing before a Senate committee, questioned this estimate. MLIS development had begun two years behind AVLIS.

There was "no question that the AVLIS technology is more advanced at this time," Dr Roser told the politicians, "But prudence dictates that both processes be developed through to the prototype stage," he pleaded. MLIS could prove safer to operate on a large scale because it handled a familiar gas, not metal vapour.

APPOINTMENTS

Financial post at Co-operative Bank

Mr Peter Layke, finance director of Edinburgh University, is to join the CO-OPERATIVE BANK as general manager (financial control). He was group managing director of Henry Ballantyne and Sons before joining the university three years ago.

★

Mr John Mountford, a former director of IMI, is to become director general designate of the BRITISH INDEPENDENT STEEL PRODUCERS ASSOCIATION early next month. He will replace Mr Alec Mortimer early next year on his retirement. Mr Mountford retired from IMI a year ago where he was director of overseas sales and marketing.

★

Mr Peter Hegg, finance director, has been also appointed deputy managing director of PROVIDENT FINANCIAL GROUP.

★

HAVANA INTERNATIONAL BANK has appointed Mr K. D. Richardson as general manager and Mr D. L. Price as deputy general manager.

★

Following the acquisition of Phipps Plastic Products by HARRY KLEEMAN, Mr Terry Bradstreet is appointed managing director and Mr Kleeman becomes chairman.

★

Dr H. Laurence Shaw has been elected to the board of REVLON HEALTH CARE (UK), which includes Armour Pharmaceutical Co., and Berk Pharmaceuticals. He joined the company two years ago.

★

Mr Richard Maule-Ffinch has been appointed sales director of CHANNEL NINE VIDEO, Manchester, a company which is pioneering television advertising on a local basis on the large screen video systems it installs in public houses and clubs.

★

Sir Walter Stansfield has been appointed chairman of CONSOLIDATED SAFEGUARDS on the retirement of Air Vice Marshal Arthur Griffiths.

★

Mr David Benson has been appointed chairman and chief executive of VENICE SIMPLON-ORIENT-EXPRESS. He joins the Sea Containers group from P & O Ferries where he was passenger marketing director.

★

Mr Roger Hearn has been appointed to the board of MACDONALD as editorial director of the illustrated books division. He was formerly a partner in Hearn and Stephenson, a packager of illustrated books.

★

Mr John P. Osborne has been appointed a director of the TIPTON & COSELEY BUILDING SOCIETY succeeding Mr Alec Rhodes who retired earlier this year. Mr Osborne is a director of Midland Cattle Products a subsidiary of Thomas Borthwick and Sons—and manager of the company's factory in Tipton.

★

Sir Henry Yellowlees, Government chief medical officer, will retire from the public service on March 31. He is succeeded by Dr Donald Acheson who joined the Department of Health and Social Security on October 1 as chief medical officer designate, a post he takes up on January 1 as chief medical officer to the Department of Health and Social Security, the Department of Education and Science and the Home Office. Sir Henry will continue to be responsible for medical work in the international field until his retirement.

★

Mr Richard Green will become a director of P A TRUSTEES, a subsidiary of the Pointon York group, on January 1. He was with the Guardian Royal Exchange.

★

PERSTORP WARERITE has appointed Mr Andrew Webb as director of marketing. He takes over from Mr John Smith who continues as assistant managing director.

★

Mrs Josie Fairlie has been appointed sales director (designate) of JAS SMITH AND SONS (CLEANERS), Dewsbury. She joined the company in 1968.

★

Mr James O'Mahony has joined the military division of FAIREY ENGINEERING as head of sales and marketing. He was formerly on the defence sales staff of the British Embassy in Washington, U.S. Fairey Engineering is part of Fairey Holdings which forms the engineering sector of S. Pearson & Son.

★

Mr Michael D. Kingsby has been appointed a director of TWEDDLE FRENCH GROUP.

★

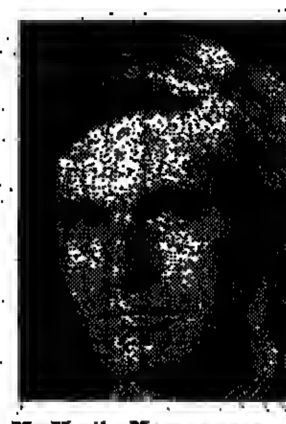
STONE INTERNATIONAL has appointed Mr D. Leighton Davies as a non-executive director. He recently retired from Racal Electronics where he was deputy managing director of the parent company and chairman and chief executive of the Racal Data Communications Group. He will continue his association with Racal as a consultant.

★

Mr Philip J. Gillett has been admitted as a partner in PRICE WATERHOUSE.

★

REED TELEPUBLISHING, a Reed International subsidiary, has appointed Mr Martin Morgan, managing director of Transport Press, managing director of ABC Travel Guides from January 1. Mr Morgan will be responsible for all aspects of ABC business with particular emphasis on the development of electronic information products for world markets.



Mr Martin Morgan, managing director of ABC Travel Guides

★

Mr Robin Hutton has been appointed to the new post of director-general of the ISSUING HOUSES ASSOCIATION. He will combine this appointment with his current responsibilities as director-general of the Accepting Houses Committee.

★

The following have been appointed directors of HELICAL BAR: Mr R. D. Tringham, Mr J. C. Tozer, Mr C. Gervaisse-Brazier, Mr J. J. Mellows and Mr R. Carline. Mr Tringham has been appointed chairman, in place of Mr R. J. C. Hill, who continues as managing director.

BASE LENDING RATES

A.B.N. Bank	9 %	Heritable & Gen. Trust	9 %
Allied Irish Bank	9 %	■ Hill Samuel §	9 %
Amro Bank	9 %	C. Hoare & Co. †	9 %
Henry Ansbacher	9 %	Hongkong & Shanghai	9 %
Arbuthnot Latham	9 %	Kingsnorth Trust Ltd.	10 %
Armco Trust Ltd.	9 %	Knowsley & Co. Ltd.	9½%
Associates Cap. Corp.	9½%	Lloyds Bank	9 %
Banco de Bilbao	9 %	Mallinhall Limited	9 %
Bank Hapoalim BM	9 %	Edward Manson & Co.	10 %
BCCI	9 %	Meghraj and Sons Ltd.	9 %
Bank of Ireland	9 %	Midland Bank	9 %
Bank Leumi (UK) plc	9 %	■ Morgan Grenfell	9 %
Bank of Cyprus	9 %	National Bk. of Kuwait	9 %
Bank of Scotland	9 %	National Girobank	9 %
Banque Belge Ltd.	9 %	National Westminster	9 %
Banque du Rhone	10 %	Norwich Gen. Tst.	9 %
Barclays Bank	9 %	R. Raphael & Sons	9 %
Beneficial Trust Ltd.	10 %	P. S. Refson & Co.	9 %
Bremar Holdings Ltd.	9 %	Roxburghe Guarantee	9½%
Brit. Bank of Mid. East	9 %	Royal Trust Co. Canada	9 %
■ Brown Shipley	9½%	Standard Chartered ‖	9 %
CL Bank Nederland	9 %	Trade Dev. Bank	9 %
Canada Perm't Trust	10 %	TCB	9 %
Castle Court Trust Ltd.	9½%	Trustee Savings Bank	9 %
Cayzer Ltd.	9 %	United Bank of Kuwait	9 %
Cedar Holdings	9 %	United Mizrahi Bank	9 %
■ Charterhouse Japhet	9 %	Volkskas Intnl. Ltd.	9 %
Choulartons	10½%	Westpac Banking Corp.	9 %
Citibank Savings ¶	10½%	Whiteaway Laidlaw	9½%
Clydesdale Bank	9 %	Williams & Glyn's	9 %
C. E. Coates	9½%	Wintrust Secs. Ltd.	9 %
Comm. Bk. of N. East	9 %	Yorkshire Bank	9 %
Consolidated Credits	9 %		
Co-operative Bank *	9 %		
The Cyprus Popular Bk.	9 %		
Dunbar & Co. Ltd.	9 %		
Duncan Lawrie	9 %		
E. T. Trust	9½%		
Exeter Trust Ltd.	10 %		
First Nat. Fin. Corp.	11 %		
First Nat. Secs. Ltd.	10½%		
Robert Fraser	10 %		
Grindlays Bank ‡	9 %		
■ Guinness Mahon	9 %		
■ Hambros Bank	9 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 5.5%, 1-month 5.75%. Short-term £8,000/12 months 8.1%.
† 7-day deposits on sums of: under £10,000 5½%, £10,000 up to £50,000 6½%, £50,000 and over 7½%.
‡ Call deposits £1,000 and over 5½%.
‖ 21-day deposits over £1,000 6½%.
§ Demand deposits 5½%.
¶ Mortgage base rate.
9 Money Market Cheque Account 8.80%. Effective annual rate 9.16%.

THE ARTS

Television/Chris Dunkley

The tabloids take over

The good news is that Desmond Wilcox has conquered the me/I disease and with good humour too. The bad news is that Nick Ross has caught it. "From I good night," he said last Tuesday at the end of *Sixty Minutes*, BBC1's new nightly magazine programme. To be precise he said "From Beverly and I a very good night."

The other good news is that Wilcox, one of those rare people who combine a talent for serious journalism with a shrewd instinct for mass feelings, seems to have taken personal responsibility for announcing the temperature not only in Centigrade (which he clearly and no doubt rightly suspects is meaningless to most British adults) but also in Fahrenheit. Headlines litter the memory banks of old Daily Mirror hands such as Wilcox and they know without having to consider it that even today no tabloid paper would dream of putting up the headlines "32.24 deg Phew! What A Scorcher."

These comparisons with the tabloid Press are not idle musings: there has been a major increase recently in what might be called "tabloid television." *Sixty Minutes* is simply the most recent innovation, and insofar as it seeks to satisfy the old *Nationwide* audience it may represent little change in the proportion between serious and tabloid journalism in television.

It is the breakfast shows which have really tipped the balance heavily over to one side. Between them ITV's *Good Morning Britain* and BBC1's *Breakfast Time* have added no less than 5½ hours a day to the tabloid side of the scales.

It would be inferring too great a degree of deliberation to suggest that this amounted to a pre-emptive strike against cable, satellite and video, and anyway those new technologies are not best suited to the delivery of mass appeal journalism. They are much more likely to be preoccupied with premium priced programmes appealing to smaller specialised audiences.

On the other hand it seems fairly clear that conventional television as a whole—Britain's four over-the-air broadcast networks — are becoming increasingly anxious about the forthcoming battle and are determined to get as firm a hold as they can on as large a number of viewers as possible before the battle starts. Hence the increase in tabloid journalism, hence the bid to capture viewers at the beginning of the day, hence the start of a push into more transmission in the afternoon and late at night.

The trouble is there appears to be so little originality, or outstanding personality, in the teams staffing these new ventures. The idea of *Sixty Minutes* seems to be a cross between *Nationwide*, with its regional content, and the old *Tonight* show with its breezy journalism and idiosyncrasy. But the *Tonight* style is not something that can be achieved merely by writing out a schedule: it was the personality of Whicker, Philpott, Robertson, Michelmore, Allsop and so on which gave the old show its strength.

Roland Rat with Kevin

Some of the people on *Sixty Minutes* appear to have been chosen not so much because they are the best at the job but because they happen to fulfil quotas, being the right colour or the right sex or having the required powerful regional accent. Poor Beverly Anderson, for instance, is charming enough and may one day make a fine presenter, but she simply has not been allowed enough time before being thrust into a daily national magazine programme: Like Sarah Hogg on the *Channel 4 News* she injects spurious "interest" into her reading of autocue, sounding like a primary school teacher ritually enthusing five-year-olds over the stringing of beads.

The messiness of the general look of *Sixty Minutes* has already been pointed out here (the coffin-like holes for monitors in front of the presenters don't help) but most new current affairs series start out cluttered and simplify themselves. More worrying is the almost exclusive concentration on home news. Among all the dozens of items I saw last week only four could be classified as even vaguely foreign: Limerick Fried Chicken Soccer League (worthy of *Tonight*), Bob Wellings having his hair cut upside down in the USA, the underwater discovery of English bank notes dumped by the Nazis, and Bernard Falk's interesting report on the soldiers shot at dawn in World War 1.

The fact is that *Sixty Minutes* clearly isn't intended for the sort of people who read this page. It is aimed at those whose maximum attention span is about two minutes and whose main interests are only occasionally national, more often parochial and whenever possible domestic.

And yet *Sixty Minutes* looks worldly and sophisticated compared to the breakfast shows, particularly *Good Morning Britain*. If even now the IBA does not intervene to remind the TV-am people at Camden Lock of the terms of the breakfast franchise then they never will. The IBA's invitation for franchise applications stipulated that the breakfast service would have to consist "primarily though not exclusively of news, information and current affairs."

In the application which won them the contract Peter Jay and his "Famous Five" explained that their TV-am formula was built on two strong foundations (an ominously mixed metaphor): an exciting basic programme concept and their people. "TV-am came together as a group of experienced and successful programme makers who believed that . . . breakfast television should come from those who knew, loved and excelled at the front end of the business rather than the talent simply being hired by the established sources of finance with programme character being dictated by a pre-existing corporate structure" they declared bravely.

Now Jay has gone, Angela Rippon and Anna Ford have gone, Robert Kee has gone, and that line about "talent simply being hired by the established sources of finance" might well have been written to describe the new set up.

Watching the programme day by day last week, the overwhelming impression was of cheapness. There was never evidence of a single "inject" from the five ENG-equipped regional centres (Glasgow, Manchester, Cardiff, Birmingham, Belfast) promised in the application. Indeed there was no hint of them even existing.

The news appeared to come almost entirely from the very cheapest "rip-and-read" agency tape operation of the sort run by "shoestring radio stations." Reports illustrated by film were the exception, not the rule, and even the few film clips which were included appeared to be agency material since the verbal content was almost invariably the news reader's own voice-over.

Indeed more often than not the entire programme looks like what you might expect to see if somebody pointed a camera at the activities inside a small provincial radio station. They have actually sunk to the level of reading out Birthday Dedications ("Happy Birthday to Louise from Mummy, Daddy, Nanna and Grandad in Biggleswade") in a desperate attempt, presumably, to match the circulation building techniques of local newspapers with their "Birthday Clubs."

They read out the bingo numbers from the Sun and the Mirror and chat endlessly to people who feature in forthcoming ITV programmes. One of the commonest types of item is the commercial puff: Toyah Wilcox puffed her new record and her tour, Simon Ward puffed his new play (which was also, oddly, the subject of a very rare film report on its opening day). A psychiatrist puffed his book, Eddie Grant puffed his new recording, Jackie Genova puffed her keep-fit wall chart, Jane Asher puffed her guide to dressing up clothes, John Wayne's "former lover" puffed her book about him, and even the appalling Roland Rat puffed a Roland Rat record.

There are very old American cartoons, a "Star Romance" spot, a competition to guess the month in 1958 or 1966 from newsreel clips (a wonderfully cheap idea!) and pop promo tapes (not just cheap but free, presumably). As you look at the strings of mind-dulling chit chat stretched out desperately between these items it is interesting to recall the contemptuous words in which one TV-am staffer dismissed the BBC's breakfast show in Week 1: "Nothing but studio waffle."

It might be argued that, even before they have arrived, the "new technologies" have had the effect of lowering television standards. But if that is so it has happened simply because the quantity of tabloid tat added to television's total output of journalism has been sharply increased. The amount of serious journalism — *Newsnight*, *Panorama*, *TV Eye*, *World In Action*, *Weekend World* and so on—has not been decreased. And that, surely, is likely to be an increasingly common occurence: the bulk of new programming being added on the popular side of the scales.

The worrying question which can only be answered in the long term is whether the bad will utterly outweigh the good by a greater and greater proportion or whether as the pessimists are already warning us Gresham's law will operate and bad will actually drive out good.

American Television/The Day After

Frank Lipsius

When ABC television screens its 2¼ hour epic about a nuclear bomb hitting Kansas City, it will at least make a mark for significant understatement with one character's "Honey, we're going to have to get used to things being a lot different."

Just how different is supposedly the theme of the $6m *The Day After*, with half its length devoted to the bucolic pre-bomb life of Kansas during which one young couple prepare to get married and Jason Robards as a Kansas City surgeon finds out his daughter intends to move to Boston. Appropriately, all of the show's 25 commercials will be confined to this distended celebration of middle American values before a stunning six-minute portrayal of the actual bombing and the long aftermath in which Kansas seems suddenly mired in talcum powder.

Though the programme will not be broadcast till November 20, ABC has already invited television critics to watch it and interview the director and producer of the show. The network is distributing 400,000 copies of an eight-page "Viewer's Guide" for directed classroom discussion of the film.

The film's director Nicholas Meyer and the independent producer, Robert Papazian, seem genuinely delighted to have had the opportunity to portray such events for so wide an audience. Meyer, the director of *Star Trek II*, was given considerable latitude in the making of the film, as indicated by its odd length, and he has used the time to build a stolid conservative image for his bomb site. The aftermath gives a hackneyed version of events, with people losing their hair, getting lesions on their faces and leaning slightly forward while shuffling about aimlessly.

If there is anything compelling about the film, apart from the six minutes of bombing when the screen fills with orange and yellow colour bursts outlining people as x-rays, it is the proposition that conservatives imbued with the fear of God are just as vulnerable as those in the Sodoms of New York and Gomorrahs of Moscow. The disadvantage of the notion is the saccharine way that it is presented, not only with the love sick teenagers but also with the political debates taking place not in classrooms but in barber shops where students and teachers worry over growing tension, as noted on radio and television.

The network may seem surprisingly willing to court controversy, but it has managed to garner publicity for a programme that is being screened opposite NBC's first instalment of a mini-series on John F. Kennedy starring Martin Sheen.

The newspaper debate so far centres on who fired the first shot over Germany. The show mentions American bombs first but the director plausibly argues that the randomness of information in that chaos may obscure the answer to who launched the first one.

The Tate Gallery and Liverpool

Sarah Jane Checkland

The Tate Gallery may shortly be spreading its nets far wider than the shores of the Thames if two proposals concerning Liverpool come into effect. The first, initiated by the Tate Trustees, is a plan to establish a "Tate of the North" in the massive 19th-century dock complex. The second is a by-product of the Government's plan to abolish the metropolitan county councils: under the new arrangements it is intended that the Tate will take over Liverpool's major collection of paintings—the Walker Art Gallery and its two subsidiaries, the Lady Lever Gallery at Port Sunlight and the Emma Holt Bequest at Sudley.

The dock project is straightforward enough, except in respect of funding. Two years ago the Tate trustees inspected and approved the dignified red brick warehouses of the Albert Dock, situated close by the Liver Building. The Merseyside Development Corporation is proceeding to make the buildings watertight, with the intention of charging a peppercorn rent. The other buildings are destined to provide new premises for the Maritime Museum, a new Museum of Migration, a shopping complex similar to Covent Garden (to be developed by the Arrowcroft Group), and a Pebble Mill at One-style studio for Granada television. Alan Bowness, Director of the Tate, says of the proposed gallery space: "The buildings are ideal, the plans for conversion are ideal. We could have a museum of modern art which well complements what the Walker does."

But the Tate needs sponsorship, not least for an air-conditioning plant to contend with the salt sea air. "It is very difficult to find money for a place like Merseyside," says Bowness, echoing the sceptism of the Liverpudlians, who on hearing about what's happening to their docks say "we've heard it all before."

The question of the Walker Art Gallery is of course not a matter of life or death, but of the quality of administration and morale. The announcement that provincial museums are to be placed under the management of national collections was made by tha Office of Arts and Libraries on October 7. As yet rhe directors of the two institutions have not discussed the matter. Timothy Stevens, Director of the Walker, is loyal to the current regime. "The proposals as they appear would seem to be divisive for the arts on Merseyside," he says, and he points out how much he appreciates the amount of work that has been undertaken by the council since it was formed in 1974: £43,000 for air-conditioning, £200,000 to meet current fire regulations. "They have also acquired one or two extremely good pictures," he adds. To the Government he gives a slightly back-handed compliment—"The White Paper has made one important advance: it is the first time that it has ever formally recognised that there are institutions outside London with more than local significance."

Royal Variety Performance/Drury Lane

Michael Coveney

Monday night's Royal Variety Performance, given in the presence of Her Majesty the Queen at the Theatre Royal, Drury Lane, was not exactly a shambles, but not entirely a triumph. Presented in aid of the Entertainment Artistes' Benevolent Fund under the direction of Norman Maen, it set out, in the words of our bespectacled, somewhat uninspiring bost, Gene Kelly, to celehrate "the dance explosion."

To this end we had the Royal Ballat giving excerpts from *Elite Syncopations;* Natalia Makarova and Anthony Dowell dancing the Act 1 Scene 2 *pas de deux* from *Manon;* five curious fat ladies, the Roly Polys, lowering the tone with grotesque, thigh-quivering abandon; and Twiggy and Tommy Tune, bizarrely introduced by surprise guest Laurence Olivier as "the greatest thing on four legs," splashing around in a shallow pool in an excerpt from their current Broadway hit, *My One and Only.*

This latter item was preceded hy one of the evening's genuine highlights, Julia McKenzie singing "Broadway Baby" from Sondheim's *Follies*, which she did accompanied by full orchestra and thumping scene-shifting behind her. This number stands up gloriously even out of context, which is more than can be said of Gemma Craven's over-eager version of "I'm gonna wash that man right out of my hair" or Sheila White's flatly competent "Steam Heat" from *The Pajama Game.*

On television, Wayne Sleep and Bonnie Langford in *The Hot Shoe Show* have revolutionised peak time weekend viewing—all a very far cry from *The Billy Cotton Band Show*—and so it was fitting that both scored a resounding success: Miss Langford leading a Charleston charga with wit and aplomb, Mr Sleep and his Dash Company cutting through the presiding hlandness with an athletic, energetic and highly original item from their repertoire, *Repercussions.*

I'm all for people enjoying aerobics, jogging, work-outs in the gym, and so on. But what on earth does tha Green Goddess have to do with the best in British showhusiness? Or, for that matter, the British Amateur Gymnastics Team? Luckily the disco blare and robotic muscle-twitching was interrupted by the real star of the show, George Carl. If yon watch anything on Snnday night, wben the sbow is transmitted on ITV, watcb him, as his clothes, micropbone, harmonica and thumbs become bopelessly mangled in an hilarious display of speedy disintegration. Carl is a master craftsman, one of the last great music hall eccentrics in the world.

He was followed hy a rather colourless trailer for Drury Lane's next big show, *Dancin'*, and a typical contribution from Les Dawson. The Broadway section is saved from vulgar ordinariness only hy the fine individual contributions of Grace Kennedy and Finola Hughes. And I bope the TV hoys don't edit out sucb delightful music hall gobbets as Grabam Fletcher's tribute to Little Tich and Leslie Sarony performing his "Peg Leg Dance."

Twiggy and Tommy Tune

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While on the subject of dance, I must apologise for the careless unforgivable error of referring to "the late Nlnette de Valois" in my *Old Vic* article on Saturday. Dame Nioette, I am clamorously assured, is as alert, and as punctual, as ever.

Domingo Sings/Festival Hall

Andrew Clements

Royal galas are not occasicns for great critical commentaries. The Festival Hall on Monday evening was no place for the uncommitted; "Domingo Sings" proclaimed the glossy programme booklet, and a capacity audience was there to salute the tenor and to fill the coffers of the Royal Opera House Development Appeal, the Royal Opera Trust and the Centenary Appeal of the Royal College of Music. The RCM provided its symphony orchestra and chorus, conducted by Robin Staplaton, the Prince and Princess of Wales brought glamour, and Mr Domingo gave us his voice.

Remarkably it was the first time Placido Domingo had been heard in recital in this country. The lollipops he gava us were perhaps predictable, but by no means saccharine, and of the published programme only two items came from operas in whicb he bas appeared in London—"The Legend of Kleinzach" from *Les Contes d'Hoffmann* and "O Paradis" from Meyerbeer's *L'Africaine*, the first inimitably turned, the second ringingly sustained. The Festival Hall is too dry an acoustic for a great voice to be beard in fullest bloom, though "Un di all azzurro spazio" from *Andrea Chenier* and Samson's entrance in *Samson et Delila* were heroically voiced.

Enougb there to whet the appetites of the faithful for stage appearances in those roles. Real gems were reserved for the encores—"Ch'ella mi creda" from *La Fanciulla del West*, suave and perfectly phrased, and "Libiamo" from *La Traviata*, in which Domingo was joined by the bolder of the RCM Opera Scholarship for the current year, Alison Cbarlton-West.

Paul Daniels/Prince of Wales

Antony Thorncroft

The last time Paul Daniels played the Prince of Wales be came for a few weeks and stayed for well over a year. There is no chance of this happening again: be is there now to keep the house lights on until Dtony La Rue arrives with a Christmas spectacular.

Something of the squat shows itself in the production. It ia basically a one man show, fleshed out by Debbie and Mandy wbo hand out the props, and brother Trevor who is musical in the pit. On opening night Paul Daniels was a little lack-lustre, tha price pald for getting up at tbe crack of dawn to plug the season on breakfast television.

But even an under-powered Daniels has the edge on other magicians if only because his patter is genuinely spontaneous and frequently witty. Tbe actual tricks are treated as lncideotal to the audience chat, and anyone in the front stalls must be prepared to contribute to the general merrimeot.

Danieis was at his best in trading tricks with a sby four-year-old from the audience: at his worst screening clips from his last televisioo series. For an accomplished magician there were few mind-boggling feats—indeed the four-year-old could have handled most of the first-half repertoire.

After the interval a few old routines were dusted down but tbere was a feeling that Mr Daniels is holding back his hest material for television. This did not stop him making a final curtain homily on how a live show beat the box in the coroer any day. And on this showing he is probably right.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

November 4–10

Theatre

LONDON

The Tempest (Barbican): Derek Jacobi takes a short respite from his recent triumph as Cyrano to add last summer's Stratford Prospero to the RSC London programme. A younger magus than is usual, he gives a performance that is technically accomplished and imaginatively adventurous. An entertaining production. (628 8795)

The Real Thing (Strand): Susan Penhaligon and Paul Shelley now take the leads in Tom Stoppard's fascinating, complex, slightly flawed new play. Peter Wood's production strikes a happy note of serious levity. (836 2660/4143)

Daisy Pulls It Off (Globe): Enjoyable romp derived from the world of Angela Brazil novels: gym slips, hockey sticks, a clifftop rescue, stout moral conclusioo and a rousing school hymn. Spiffing if you're in that sort of mood. (437 1592)

Noises Off (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blakemore's brilliant direction of backstage shenanigans on tour with a third-rate farce is a key factor. (836 8888)

Glengarry Glen Ross (Cottesloe): One of America's best playwrights, David Mamet, has a startling world première at the National Theatre in this superb Bill Bryden production of life among real estate salesmen. The language rocks and rolls through idiomatic salespeak with many a glancing reference to post-Nixon break-in paranoia (928 2252)

Maydays (Barbican): New play for the RSC by Nicholas Nickleby adaptor David Edgar about the defection from Left to Right as a process of both politicisation and aging. Panoramic, ambitious text covers the ground nimbly from Hungary in 1956 to the fate of British radicalism in the late 1970s. (628 8795)

The Cherry Orchard (Haymarket): Scenically dull but very well acted production by Lindsay Anderson of Chekhov's masterpiece. Joan Plowright is an edgy, skittish Ranevskaya and Leslie Phillips, an accomplished light comedian, a revelation as her pathetic brother. Wonderful support from Frank Finlay, Bill Fraser, Frank Grimes and Joanna David (930 9832)

Hay Fever (Queen's): Penelope Keith continue her reign as the iron maiden of British showbusiness. Well-dressed and marcel-waved, she plays Judith Bliss in Coward's great comedy, presiding over charades and confusion in a Thames-side country house. (734 1166)

Little Shop of Horrors (Comedy): Tawdry, camp musical based oo a 1960 Roger Corman B-movie about a man-eating plant which revives the fortunes of a Skid Row flower shop. The 1950s pastiche is a bit wan, but the lyrics sharp. The plant grows from cactus-like vulva to piscatorial, blues-singing peach. Ellen Greene repeats her off-Broadway performance which is something like Fenella Fielding only blonde and way over the top (930 2578)

A Moon for the Misbegotten (Mermaid): Frances de la Tour and Ian Bannen are quite superb, especially in the last confessional hour of O'Neill's powerfully banal last play. Last chance to catch one of the year's London highlights (236 5568)

NEW YORK

La Cage aux Folles (Palace): Perhaps this season's outstanding musical comes, like Evita and Cats before it, at the very beginning of the theatrical year. Despite stellar names such as Harvey Fierstein writing the book and Jerry Herman the music, the best parts of the show are not the hoopla, apart from the first-act finale a la Gaîté Parisienne, but the intimate moments borrowed direct from the film. (757 2626)

42nd Street (Majestic): An immodest celebration of the heyday of Broadway in the '30s incorporates gems from the original film like Shuffle Off To Buffalo with the appropriately brash and leggy hoofing by a large chorus line. (977 9020)

Torch Song Trilogy (Helen Hayes): Harvey Fierstein's ebullient and touching story of a drag queen from backstage to loneliness incorporates all the wild histrionics in between, down to the confrontation with his doting Jewish mother. (944 9450)

Dreamgirls (Imperial): Michael Bennett's latest musical has now become a stalwart Broadway presence despite the forced effort to recreate the career of a 1960s female pop group, a la Supremes, without the quality of their music. (239 6200)

Nine (46th St): Two dozen women surround Sergio Franchi in this Tony-award winning musical version of the Fellini film 8½, which like the original celebrates creativity, here as a series of Tommy Tune's exciting scenes. (246 0246)

Cats (Winter Garden): Director Trevor Nunn, fresh from the Broadway success of Nicholas Nickleby, has his imaginative and frisky cats slink, slide and dance their way across a transfigured stage in this lavish recreation of the London hit. (239 6262)

On Your Toes (Virginia): Galina Panova with presumably a genuine Russian accent leads an exuberant cast io the remake of Rogers and Hart's 1936 sendup of Russian ballet tours, complete with Slaughter on Tenth Avenue choreographed by George Balanchine and directed, like the original, by George Abbott. (977 9370)

CHICAGO

E. R. (Forum): Moving ioto its second year parodying melodrama in a hospital setting, this emergency room continues its adventures among a young doctor, a receptionist and an authoritarian ourse. (496 3000)

WASHINGTON

The Golden Age (Eisenhower): A. R. Gurney has built a swift reputation on a career of taking a geotle but not uncritical look at the White Anglo-Saxon Protestants who set the tone of American gentility without always subscribing to its precepts themselves. (254 3670)

Covent Garden finances

Antony Thorncroft

ALL YOU HAVE ever wanted to know about what goes on inside London's Royal Opera House in Covent Garden, but were too shy to ask, is now available in the form of two hefty reports, running to 500-plus pages. They are the fruits of a financial scrutiny of the management of the Opera House (and the Royal Shakespeare Company) carried out at the request of the Minister for the Arts by Mr Clive Priestley and a team of consultants from the Government Efficiency Unit.

In his report, published last month, Mr Priestley was generally very complimentary about the way Covent Garden managed its affairs and recommended it be relieved of its deficit and given extra subsidy. The volumes now released, which will be available to the public in a few weeks' time, provide the statistical information which formed the basis for the Priestley approval.

Of course, that always compelling question: how much do the big stars receive for a performance? – is about the only unanswered query, although a top limit of £6,000 ($9,000) is admitted, though only for the few major artists like Placido Domingo, Dame Kiri te Kanawa, and Claudio Abbado. The report justifies such fees, saying that "higher-cost casts nearly always generate extra revenue to cover the extra fees, and sometimes produce a surplus," he gives many examples to confirm the theory.

In its plaudits for Sir John Tooley, the general director of Covent Garden, the report asserts that his influence attracts to the Opera House stars who are prepared to perform at less than their usual fees, and an interesting section of the first volume concentrates on comparisons with leading overseas opera bouses.

The Met in New York is pursuing a policy of limiting its fees to visiting artists to $8,000 a performance.

At the Bolshoi in Moscow, on the other hand, Mukhamedev, a rising dancer, earns around £200 a month, althougb he gets free bostel accommodation. The studies of La Scala, Milan, National Opera, Paris, etc, suggest that they face the same criticisms as Covent Garden and offer the same response – that opera in particular is a very expensive art form to produce.

Just how expensive is underlined by a detailed study of the wardrobe departmeot, which cost £1,269,000 in 1982-83 (of course, a six-year comparisoo was also given in the report). The average cost of a new costume is £600 (ballet costumes are about two-thirds the price), but the report suggests that £100 could be saved on each costume if the wardrobe director had more authority and could reject tha pressures of the artistic team on new productions to go over budget. With 1,000 costumes made each year, the Opera House could save £100,000 in this area alone.

The attraction of the Priestley investigation is that it tests the Covent Garden costs against competitors. The theatrical producer, Mr Ian Albery, reckons that, in his productions, each costume costs £100 – and that costumes can be hired for £25 a week. Don Giovanni's red suede boots cost £100 in themselves, but then this was a costly production to dress – an average of £710 a costume.

To know all is to excuse all, and by getting so close to Covent Garden, the Priestley investigators have obviously identified with the internal difficulties of the House.

For example: the most popular production in 1982-83 was *Tosca* with 97 per cent of the seats sold, budgeted receipts of 95 per cent, and actual receipts of 96 per cent. *Carmen* produced ideotical figures. At the other end of the scale *Taverner* had a 55 per cent capacity, 60 per cent budgeted receipts and a disappointing 46 per cent actual. This just proves that the old favourites score over new operas, confirmed by the ballet where *Swan Lake* topped popularity with receipts of 94 per cent while *Isadora* met 46 per ceot of its potential compared with a forecast of 70 per cent.

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France on the right road

THE FRENCH Left is in a bad way. Its defeats in two municipal elections at the weekend in what used to be called the red belt of Paris were only the most recent in a series of electoral setbacks. The personal popularity of President François Mitterrand is at an ebb: only about one-third of the electorate tell the opinion polls that they believe the President to be doing a good job.

Yet, though the heedlines are going the way of the opposition, there are no convincing pressures to make one expect an early change to government policies, whether economic or external, let alone pressures for a change at the top. When Gen. de Gaulle fashioned his republic he gave the president a seven-year term to ensure continuity. President Mitterrand has almost five years to go until he must face the electorate.

There are also almost three years to go before a new National Assembly has to be elected. So there is no special reason on that score for emergency measures to restore the popularity of the Left. More important, there appears to be a widespread national consensus behind the economic policy of "rigour" and behind the atlanticist foreign policy adopted by the French Government.

Economic rigour

Under these circumstances, there is every reason why the Government of M Pierre Mauroy, under the ultimate guidance of the President himself, should persist with economic rigour. Present indications are not unpromising. The inflation rate has been coming down, though the likely result of 9.9 per cent price increases in 1983 is more than the Government had originally hoped for. The current external account has come into slight surplus during the third quarter; and the balance of trade has been improving, not only because recession has throttled back imports, but because French exporters have been gaining market share abroad.

None of that means that the economy is out of the woods yet. Much remains to be done as can readily be seen from unemployment of 2m and an estimate from the Government's own forecasting agency that more than 400,000 French industrial jobs will have to go during the next five years to reduce overmanning.

Nor is the battle against inflation won. Forecasts for next year range between inflation rates of 6-10 per cent. Even if one accepts the lower figure, France will still be performing significantly less well than its competitors, principally the Germans. That may cause pressures to build up for yet another devaluation of the franc. Neither France nor its Government can profit if such pressures are re-inforced by a lax economic policy at home.

Of the forces that count in French politics only the Communists and the Left-wing of President Mitterrand's Socialist Party, chiefly the Ceres group, are likely to take the opposite view. Ceres made its influence felt in the party conference at Bourg-en-Bresse in October, but caused much less of an impact than it had hoped for.

High unemployment and the declining purchasing power of the wages of French workers might be expected to give the Communists plenty of opportunity to fish in troubled waters. But though they have attempted to dissociate themselves as much as possible from economic rigour—and for that matter from President Mitterrand's support for the deployment in Europe of U.S. intermediate range nuclear missiles—they have been careful not to overstep an invisible line.

It is the line beyond which they cannot go if they wish to continue serving in the Government. As ministers they may hope to acquire the aura of respectability that all Communist parties hanker after in an essentially bourgeois western Europe.

In any case, the Communists are in enough trouble of their own. The progress of the xenophobic National Front at Dreux in September and at Aulnay-sous-Bois on Sunday was achieved largely at the expense of the Communist Party. What Marx called the Lumpenproletariat, meaning working class people of uncertain political affiliation, deserted the party in areas where the presence of large immigrant labour forces from North Africa has given rise to racial tension.

Disquieting though the performance of the National Front is, it should not be given too much importance: Extremists of the Left have been turning into extremists of the Right. The National Front does not appear to have made deep inroads into more moderate groups.

All things considered the elements making for political stability in France outnumber those making for the reverse. The balance of political forces is such that economic rigour can and should be given time to work.

The CBI grows more bold

THE CBI demonstrated two signs of health at its Glasgow conference: a certain independence and a growing diversity.

The independence was most clearly demonstrated in its debate on Monday on the UK economy and on public expenditure. Speakers came to the rostrum not to praise the Government, whose re-election they had strongly endorsed, but to tell it that monetary prudence is not enough and that they and their workers were suffering.

Sir Terence Beckett, the CBI's director general, formally proposed that "we establish sustained growth as well as low inflation as joint objectives." Mr Michael Mallet of James Neill Holdings, was sharper: he castigated unemployment as the "ultimate economic sin" and laid into the "pseudo-Friedmanesque mumbo - jumbo" which he detects as still holding sway in Treasury counsels.

Others were tougher still: Mr Michael Hearn, who manages an aluminium wire company in Swansea, talked of industry "bleeding to death"; Mr Michael Fordy, a Stockton builder and a former president of the National Federation of Building Employers, told his colleagues they had "every right to be appalled" by the Government's failure to provide an economic environment in which they could flourish.

The CBI lid stayed firmly on the debate: the message which Sir Terence and Sir Campbell Fraser, the CBI president, want to put across when they meet ministers in the pre-budget consultations is a careful one, intended to encourage the patchy recovery which they believe will last. But the members' convictions and the CBI leaders' own cautious preferences appear bound to result in a relationship more publicly critical, more concerned to feed through the members' unease than it has in the recent past.

Sir Terence and Sir Campbell, upset by suggestions that they and their members were whingeing, stressed yesterday at the end of the conference their determination to help themselves and tried to give the impression that little or nothing in their approach to government had changed.

It has, however, and for the better, though of course it is easier to be critical of a government which has several years to run than one facing early elections. The government *should* get a view from the CBI which is robust and — as far as possible in such a diverse organisation — representative. Its complaints and pleas may or may not be susceptible to accommodation within the government's overall strategy—but ministers should be forced to argue through the case why they are not. The CBI has occasionally shown a tendency—the Institute of Directors consistently does — of appearing to tell the government what it wants to hear. Its members are not well served in that, and their debates in Glasgow gave their leadership notice that they knew it.

Diversity

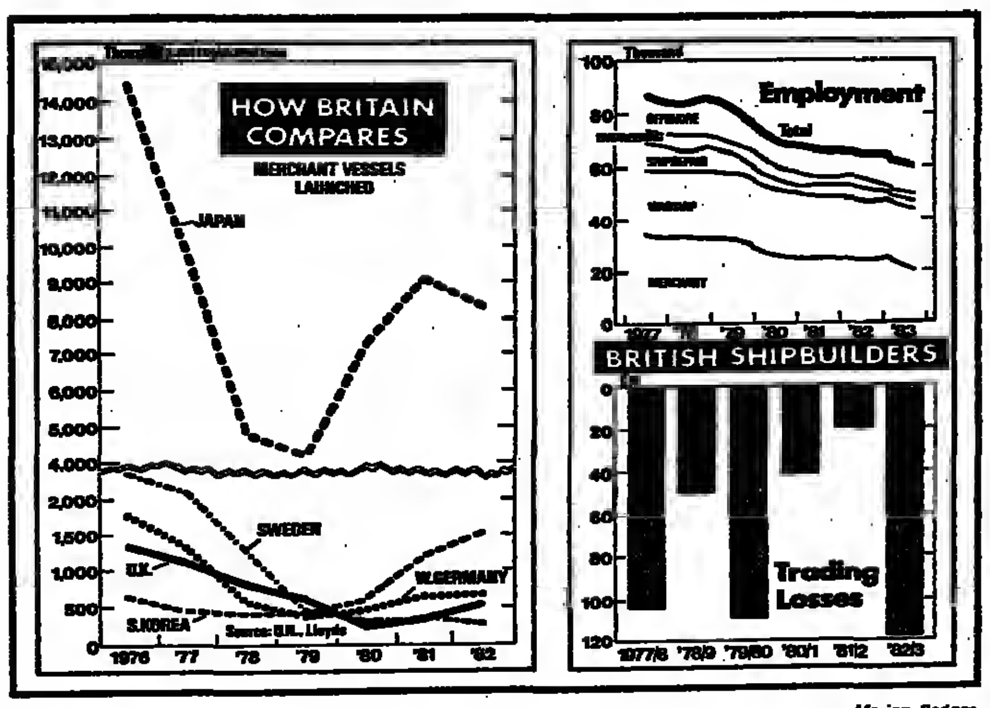
Glasgow also demonstrated *diversity*. Some members are still doing badly, some are doing well: some are exporters who want trade reciprocity, some are importers who think such a goal is impossible. Some think centralised wage bargaining has merit, others that decentralisation is all. Such a diversity strongly expressed is an excellent thing if difficult to wrap up in a coherent message. It demonstrates the CBI conference's growing importance as a forum of intelligent business discussion — though one *with* much room for improvement. Company directors remain inhibited by company considerations from being controversial — but are beginning to ask themselves if they should not be less so in the interests of sharper, more accurate debate.

The bland no longer always lead the bland: the song rendered by one exuberant delegate yesterday morning could be indicative of a more adventurous spirit. The tough ethos of Glasgow may have assisted that: we hope that the CBI's return to Eastbourne next year will nevertheless see a confirmation of that trend.

BRITISH SHIPBUILDERS

Improve—or go under

By Andrew Fisher, Shipping Correspondent



Marion Sedger

BS's Graham Day.

"IF we don't improve, then we go absolutely," says Mr Graham Day, chairman of British Shipbuilders. "Nothing will be saved."

The challenge, which now faces the new chairman of state-owned BS is stark. He must decide whether large-scale merchant shipbuilding any longer has a long-term future in Britain and, if so, how much of the merchant industry should survive against a woeful background of poor order books, intense international competition and vast world over-capacity — currently estimated at about 40 per cent.

Three developments have lightened the gloom a little in the past week. Yesterday BS announced new contracts worth £100m for two sophisticated offshore ships and an option for a third from Sweden's Stena Line. And last week, after a marathon 14 hours of talks, shipbuilding union leaders abandoned plans for a national strike and agreed to a new, potentially far-reaching productivity deal.

Meanwhile, on the profitable warship-building side there was also a new contract. The Ministry of Defence awarded a £100m submarine order to the Vickers yard in Barrow-in-Furness.

But that about exhausts the list of good news. The Swedish order is just the kind of high-technology, advanced-design contract which all European yards are chasing in their effort to keep in the race with the Japanese and the South Koreans. BS has yet to prove that it can build such ships successfully and profitably.

The productivity deal is crucial, but here, too, there are problems. Mr Day recognises that it may yet be turned down on the shopfloor. Its defeat would be a further blow to BS's already battered credibility and would strengthen the hand of those in the Government who argue that Britain should get out of merchant shipbuilding altogether.

Two months into the job Mr Day is the first to concede the size of the problem. "I get most of my exercise prowling around the office," he says with a smile, and he has indeed been working at a punishing pace since he took over. It is early days, but his affable manner and classless Canadian accent—"my grandfather was a tailor's cutter in the East End of London"—have already had an impact on the union leaders who face him across the bargaining table.

The core of the problem is that BS—which was nationalised in 1977—currently employs around 60,000 people and recorded a trading loss of £117m in the year to March 1, 1983, is far behind in the world productivity league. The corporation says that yards in Finland, West Germany, France and Denmark have a productivity lead of between 30 and 50 per cent. And in the Far East the lead is much greater.

The answer, Mr Day believes, must be radically to alter the whole way in which ships are built. This means that the craft basis on which BS has operated—rigid demarcation lines, fierce protection of skills and the like—has to be altered. "We've got to get from a craft to a systems basis," says Mr Day.

BS is split into four divisions: merchant, offshore, warship and repair. The three major pure warship yards, which currently have orders worth around £2bn, are definitely earmarked for privatisation—Mr Day reckons this will take up to two years. (Future ownership of two other yards which produce both naval and merchant ships is still unclear.) The three remaining repair yards are to be sold or closed.

This leaves the merchant and the offshore yards on which Mr Day, aged 50, plans to concentrate most of his energies. The situation in these yards—concentrated in the North East and along the Clyde—varies widely, though they all have in common the fact that they make heavy losses. Incidentally, despite nationalisation, customer preference can often dictate which yards get orders—old reputations die hard.

Three of these yards—Sunderland Shipbuilders, Swan Hunter and Scott Lithgow—neatly illustrate the range of problems that confront Mr Day. The first two, at least, also explain why BS may yet be able to snatch some kind of victory out of the jaws of defeat.

● **Sunderland Shipbuilders.** The new Stena order, to be built at the modern, covered Pallion facility on the River Wear, comes after 18 months of negotiations. "This will set Sunderland clear for nearly three years," says Mr Eric Welsh, the yard's managing director.

"We anticipated that the industry would be in a hell of a state," he commented this week. "Two years ago, when we decided to look for other types of vessels, we knew we couldn't compete on bulk carriers with the Japanese and Koreans."

But the yard's notable progress on productivity has not been without its strains. A pay strike of the 1,850 hourly workers was called off at the weekend and its continuance would clearly have been embarrassing when the order was announced. It stemmed, says Mr Welsh, from problems over smoothing out pay and overtime differentials as new, flexible plant-based working arrangements came in. These were introduced in advance of last week's national productivity deal.

● **Swan Hunter.** The Tyneside yard—one of those which produce both naval and merchant ships—had problems last year with late merchant deliveries and made a large loss. But it is striving under Dr Ken Chapman, who became managing director earlier this year, to boost productivity. Here, as much as anywhere in the corporation the newly negotiated productivity agreement could have a major impact.

Like some other BS yards, it has Japanese experts from the mighty Ishikawajima-Harima Heavy Industries (IHI) advising on accuracy control for steelwork. It has enough merchant business until 1984, including the slightly delayed replacement for the Atlantic Convayor container ship, lost in the Falklands. On the naval side, it is busy until 1987.

BS's first priority, says Dr Chapman, is to cut out wasteful practices rather than to make men do jobs for which they are not trained. "We're not taking a happy families pack of cards with each trade on them and throwing them up in the air and picking them up again," he says, well aware that it is going to take time to alter traditional craft loyalties.

The key changes will begin at the fringes of skilled work; the basic skills will still be required. "We're not asking woodworkers to do steelwork or vice versa." But some of the most time-consuming demarcation lines have little to do with craft skills. For example, under the new agreement, men could sweep up in their own areas and not wait for someone else to do this, before carrying on with their work.

Such changes, "do not mean massively tearing up the rule book," he says warily. But job divisions like those between platers (who do steelwork in the fabricating sheds) and shipwrights (doing similar work out on the berths) could be eliminated.

The unions are still hesitant about the implications of such changes. Mr Jim Murray, chairman of the union negotiators at last week's marathon talks in Newcastle, describes the idea of the revised working practices at BS yards as "blurring the lines slightly." Demarcation is not dead, but the productivity agreement—without which the agreed extra £7 a week will not be paid—marks "a considerable step forward" towards its relaxation.

● **Scott Lithgow.** This is BS's lead yard for the building of offshore drilling, exploration and support rigs—Merseyside's Cammell Laird is the other—and has had enormous trouble adapting to this role. An £86m drilling rig for Britoil is two years behind schedule and the oil company is threatening to cancel the whole deal. The yard itself made a massive loss last year, pulling down the whole BS result.

Mr Day says that the new productivity deal could be enough to prevent any possible cancellation of the order. The Clydeside yard is under 30 days' notice from Lloyds Leasing, financing the rig, to prove it can deliver by January, 1985.

The yard has already been paid £40m for the rig, with another £40m due by the end of this year and the rest later. It is widely expected that cancellation of the order would lead to closure of the yard, with disastrous consequences for employment in the area—it employs nearly 5,000 people.

Workers in these three yards and throughout the Corporation have already been warned by Mr Day, who used to run the Cammell Laird yard on Merseyside before the whole industry was nationalised that losses in the 1983-84 year will be around £100m. "I believe the total BS losses will start going down in 1984-85. It will depend on improved competitiveness and the market recovery how quickly we get to zero."

Mr Day admits that some yard closures in Britain are inevitable. "If there's no way we can persuade an owner at a commercially acceptable price to us to order in yard X and that yard runs out of work, I don't know what one can do to keep it open."

Hefty redundancies have already taken place this year. Over 3,000 workers went voluntarily after the former chairman, Sir Robert Atkinson—17 years older than his successor—said in March that up to 9,000 more jobs could go altogether. Another 2,100 redundancies are set for the rest of this year, and 3,000 more jobs could still be at risk by next March if not enough new merchant or offshore business comes in.

Three smaller yards, Henry Robb at Leith in Scotland, Clelands on the Tyne, and Goole Shipbuilders, have nearly finished their last orders. They employ nearly 1,200 people between them and though new business is urgently sought, their fate is uncertain. Another 1,100 jobs could go at Tyne Shiprepair, unles a management buy-out aimed at saving 850 of them is accepted by the workforce.

Mr Day insists there is no fixed list of yards to be closed. But he says: "With the market as I see it, wherein demand for products is less than our capacity, I have great difficulty in seeing our present capacity continue in being."

If the market does turn up slowly and patchily from around the middle of next year, the hope is that the productivity deal will have had an initial impact on BS's lagging competitiveness.

"The hopeful net result will be a progressive reduction in losses and a stabilised employment level—don't ask me what level, I couldn't guess now," he says. The need for government support, which has totalled some £780m since 1979, should then ease off.

"The Government expects this organisation to operate commercially and it expects me to be a good manager," said Mr Day. BS's external financing limit—the ceiling on the amount that it is allowed to borrow from all sources—is to be raised from £800m to £1bn by the Government, with provision for further rises to £1.2bn, much of the new money going on modernising Vickers' submarine facilities.

Mr Day firmly believes that success springs from 90 per cent perspiration and 10 per cent inspiration. This was true, he says, when he worked in music shows on Canadian TV and radio, as well as carrying out his daily legal practice.

And it applies to shipbuilding, or any industry. "All of a sudden you might have a flash or an insight—great if you do—but if the other guy's got his head down and is just slogging he's likely in the end to be more effective." To turn round BS, the hard slog will be needed for some years.

BS: THE FALLING MERCHANT ORDERS

	1983	1982
Total order book at September 31	£471m	£687m
New orders in first nine months	£158m	£236m
New orders in third quarter	£54m	£80m
(Warship orders total around £2bn and offshore orders £250m)		

British Shipbuilders

Men & Matters

Company men

Having been named yesterday as French manager of the year—a prestigious award given by the economic weekly Nouvel Economiste—M Francois Dalle, aged 65, chairman of the cosmetics and health care group L'Oreal is to step down next year.

He will be repleced by M Charles Zviak, the present vice-chairman, who, like Dalle, has worked all his business life with tha group.

Long service is highly prized et L'Oreal. Dalle said yesterday that of 13 top executives, 11 had only worked for that company.

Which makes it easier to understand why a rising Welsh executive is likely to succeed Zviak in this French company in about four years' time. He is Lindsay Owen Jones, aged 38, who is shortly to become managing director of the gronp, in which Nestle has a 24 per cent stake.

Owen Jones was recruited from a Paris business school and also has always worked for L'Oreal.

The group has acquired the Latin American and Japanese networks of Helena Rubinstein this year, has diversified into the pharmaceuticals business, and is now selling 60 per cent of its turnover of FFr 13bn a year outside France.

"Whilst *you* weren't mentioned by name, the CBI did express concern about the high level of unemployment . . ."

Stepping out

President Reagan has his critics . . .

I hear from Washington a tale (entirely untrue) that the president invited selected members of the netional press on his yacht. When they ran short of Scotch he walked across the waters half a mile to the shore, bought a bottle and walked back again.

Next dav the Washington Post carried a headline—"President Reagan can't swim."

Employer's turn

Richard Pettit is managing director of Vaux Breweries of Sunderland, and he is the only man who managed to rouse the *CBI delegates* from their well-hred langour during a day-and-a-half of debating in Glasgow.

Mind you, be bad to work for it. He put on a tartan bonnet, threw back his heed, and hellowed a song. It was, he said unnecessarily, to illustrate the benefits of communicating.

He displeyed the hearty musicality which befits a senior executive of a brewery.

The lyrics, sung to the tune of Blaydon Races, will not *win* prizes. But they went down well enough among delegates grateful, indeed desperate, for light relief.

One verse went:
"Terry Beckett he was there,
He started the first day,
He let go his immortal phrase,
why, no, chaps—by the way.
And as the hall erupted with
comments and some
chuckles.
Someone said the immortal
words—*I think it was 'bare
knuckles'*"

Sir Terence (Director of the CBI) managed a smile at that. Much as be hates the fact he cannot shake off the pugilistic phrase he used towards the Conservative Government at the start nf its first term.

Holding tight

Leslie Chapman, author of two highly controversial boo's on *waste in the Civil Service and* London Transport, came out of the woods yesterday to support AMOS — the company which wants to run a fleet of mini-huses across London—at the puhlic inquiry, ordered by Tom King, when he was Transport Secretary.

Chapman, an ex-LT board member, now carries on his one-man campaign against LT's "inefficiencies and inadequacies" from a retreat in mid-Wales. But his rustic surroundings bave done nothing to blunt his *vitriolic view that LT's manage*ment is hlind to making savings in the organisetion, in spite of the management changes that bave taken place since his departure from tha board.

He maintains that the management is still "poor and incompetent" and that competition from the likes of AMOS "offers the only real hope of the needed stimulus and, in the longer-term, some improvement in transport services in London.

Chapman's enthusiasm for competition for LT outweighs any consideration of the viability of the AMOS plan. He had not even met AMOS director, Anthony Shephard, before this week.

Shephard, who set up Hong Kong'a mini-buses, is conducting his own case at the inquiry in Central Hall, Westminster. His counsel, Nicholas Lyall, withdrew on the opening day because he had had insufficient time to prepare the case. LT has already rejected the AMOS plan following an earlier inquiry when the independent inspector concluded that it would be "folly to implement it."

Folded tents

Big money will be involved when the American evangelist Billy Graham returns to Britain next year with a new crusade.

The local purveyors of purity expect the foreign competition to hit them hard in the pocket.

Dick Saunders of Sussex, who does more tent crusades than any other British evangalist, finds that for the first time in 27 years he has three months next summer without bookings. It is, he says a "tragic waste" for his tent and associated equipment to lia idle.

There are an estimated 500 full-time evangelists touring the U.S. at *any one time*. But the British market is much smaller and will find it difficult to move over to make room for Dr Graham.

Saunders, asked to comment on the Graham mission, came up with a form of words to which no competing evangelist could possibly take exception: He calls for prayers for Dr Graham, but also for "the many evangelists across the land whose work has been seriously affected by the Graham mission and its very heavy financial cost."

Observer

THE NETHERLANDS

War over the wage cuts

By Walter Ellis in Amsterdam

HEAVY LORRIES by the hundreds, motionless on the highway, laden with goods worth millions of dollars, are the latest symbol of the dispute over proposed public sector pay cuts which is now paralysing the Netherlands.

The vehicles—vital to the unusually open Dutch economy—are being prevented from passing freely into West Germany and Belgium by the action of customs officials. Every cargo is laboriously inspected: every licence checked.

The officials' work-to-rule, which began on Monday, is part of a nationwide response by more than 700,000 Dutch public employees to the government's plan to reduce their wages by 3 per cent from January 1.

They are outraged by the intended measure, which represents the first attempt by any European administration to move beyond mere pay freezes and impose actual cuts in income.

"If this campaign goes on it means war," one frustrated driver remarked on Monday as he sat in his cab among a long column of lorries backed up from the crossing-point to Antwerp. He may have a point. The public is not pleased about the disruption it is having to face. One swing-bridge operator in Rotterdam was pelted with bricks and bits of metal last week when it was thought (wrongly) that he had begun a protest.

Public sector wages should decline by at least 10 per cent over three years

Elsewhere, civil servants are staging a series of one- and two-day strikes. Trains, trams and buses are halted in many areas, and post office and telephone staff are either on strike or working doggedly to rule. Deliveries of mail have been halted. Rubbish is not being collected in some towns. Even the police force is involved (though it has given an assurance that all essential tasks will be performed).

Most ominously of all for the Dutch, the giant port of Rotterdam—the largest in the world—faces strangulation as its public sector staff gradually join the campaign.

How did things come to this? In the Netherlands, wage talks, like labour relations generally, have been conducted on a markedly civilised and rational basis for many years. Strikes have been few and localised. Through the system of works councils, sectoral negotiations and price compensation (the index), pay rounds have invariably been concluded each year with little rancour and very little "them and us" feeling among workers.

The smooth running of this system was, however, always predicated on an assumption of economic growth and continuing prosperity. Today, despite tentative signs of the beginning of recovery, the economy is in trouble. Exports of natural gas have helped maintain a healthy surplus on the current account of the balance of payments (Fl 8bn—£1.8bn—to the end of June) but in order to bridge the widening gap between state expenditure and revenue the government expects to have to borrow Fl 33.4bn this year and the 1984 budget looks ahead to borrowing of Fl 35.9bn — 11.7 per cent of national income.

Mr Ruud Lubbers, the Christian Democrat Prime Minister, and Mr Herman Onno Ruding, the Finance Minister, have fixed 7.4 per cent of national income as their borrowing target for 1986.

Cuts in public sector pay between now and then are crucial to their programme. Over the next three years, it is intended that wages in their gift should decline by at least 10 per cent against 1982 levels.

From the union standpoint, things look very different. Over the past 12 months, they have seen the sanctity of the index repeatedly violated, by Government and private employers alike, so that inflation (admittedly running at a mere 2.5 per cent at present) is rarely now taken into account when fixing new rates of pay.

Public sector wages have been frozen at the 1982 level since January 1. At the same time, nearly 1.5m public and private sector employees have endorsed the principle of reduced pay in return for a shorter working week. By 1986 the standard working week for a majority of Dutch workers could be 36 hours, while the target for the civil servants is 32 hours. The unions appreciate the problem that there are not enough jobs to go round under the 40 hour week and that cutting working hours will help share them out—but they are concerned about being pushed too far too fast.

Mr Wim Kok (left) head of the FNV trade union, who is leading the fight against the government's wage cuts; right, Prime Minister Mr Ruud Lubbers

The unions are very anxious about unemployment, which has more than doubled in the last 18 months. It now stands, under EEC definitions at an unprecedented 16 per cent of the labour force — worse than the UK and among the worst in Europe.

Such a background is not conducive to relaxed negotiations between government and unions.

The present government—a centre-right coalition of Christian Democrats and Liberals—took office last November on a platform largely comprised of austerity measures. So the unions have known all along that they could expect a rough ride. But what has surprised them is the cabinet's determination to see their programme through.

Mr Lubbers is known to be an admirer of Mrs Margaret Thatcher's style and, prodded by the Liberals, he has made balancing the nation's books, maintaining a low rate of inflation and restoring company profitability his three top priorities.

Talks over the public sector pay cuts have been going on at various levels for months. It was only when ministers showed an unwillingness to compromise, however, that union leaders awoke to the need to act tough themselves. They are hindered by the existence of two union federations, the bigger, hard-line FNV—headed by Mr Wim Kok — and the smaller, Social Christian CNV, which is less inclined to strike and prefers to keep negotiations going.

As the present campaign gathered momentum, they held together well, presenting a united front based on joint indignation. This week, the CNV have shown signs of strain and is evidently less keen to make the actions a make-or-break affair. Significantly, thousands of public employees have shown where their sympathies lie by transferring from the relevant CNV union, the CFO, to the tougher FNV version, Abva-Kabo.

One further complication concerns the social welfare system. It is planned to cut most welfare benefits by 3 per cent from January 1, and the unions are pledged to resist this on behalf of the unemployed and the disadvantaged, such as single parents and the handicapped. Unfortunately for the success of this strategy, the rank and file members are more concerned about their wages, just as the private sector members are too concerned about the disruptive effects of the strikes to back the public sector workers. Little love is lost all round in this dispute.

Mr Koos Rietkerk, the Home Affairs and Civil Service Minister, who is handling the day-to-day negotiations on behalf of the Government, has so far made just one concession. The cuts, as originally envisaged, were to have been 3.5 per cent. By reducing the figure to 3 per cent, most workers would find, he argues, that their net incomes would not really be affected.

His theory—rejected by the unions—is that a parallel cut in contributions to the social security system would hold net salaries for the majority at something like this year's level. This tempting interpretation does not, of course, take into account the minority of workers who would see their salaries drop and nor does it do anything to mitigate the effects of the further cuts planned for 1985 and 1986. After a year's pay freeze, the unions are, in any case, in no mood to give further ground.

Reducing wage costs would be a great victory for the government

Mr Lubbers and his colleagues have said several times as the union campaign has spread that they intend to stand firm. It would be a great victory for the government if it could reduce its wage costs in cash as well as real terms. A compromise deal may yet have to be struck—say at 2.5 per cent—but even then the Prime Minister would feel it had been a good month's work.

International Lending

Debt: time for other currencies to help

By Minos Zombanakis

TOTAL EXTERNAL debt of 32 selected developing countries now amounts to around $720bn. It is projected that with an increase of about 6 per cent per annum this figure will reach approximately $910bn by 1987. The amount due to commercial banks now stands at $470bn. A great proportion is due from the large Newly Industrialised Countries (NICs), like those of Latin America, which face severe problems.

Solutions to the problem of international debt have been suggested by a number of people. These schemes range all the way from outright purchase of the loans by governments to the establishment of long grace periods and guarantee schemes which would allow both lenders and borrowers time to alleviate their problems.

None of these schemes, unfortunately, can be adopted without the political will of the countries of the Group of Ten, and there is nothing to show that any action in this direction is forthcoming. The present approach is to handle the debt problem within the existing institutional framework, on a piecemeal basis, facing each situation as it comes—not the best solution but the only one available, since no one is willing to finance a better alternative.

One must look, therefore, for ways to lessen the burden. In this connection, it would be helpful if the lending banks of countries with convertible currencies were to convert their loans to their own currencies as they negotiate the rescheduling of those loans. They can do this through the multi-currency option clause in almost all loan agreements.

As the dollar was, and still is, the major currency of international transactions, more than three-quarters of loans extended are denominated in that currency. To enter into these loans, non-U.S. banks borrow from the inter-bank markets on every interest-fixing date in order to refinance these commitments. The main intermediaries in the inter-bank market are the large U.S. banks.

So, in the event that a large borrower was to have difficulty repaying its loans, the U.S. banking institutions would be at risk not only with the loans extended directly by them to that borrower but also with an unquantified amount of money borrowed through their intermediation in the inter-bank market by various foreign banks for the purpose of extending loans to the same borrower.

It is this indirect exposure of the American banking institutions which leads people to the conclusion that, in the case of difficulties over international repayments, the Federal Reserve would act as lender of last resort to replenish not only frozen or lost assets of U.S. banking institutions but also the money that may be frozen in the inter-bank market. The inter-bank market becomes, therefore, one of the most vulnerable links in the chain of international finance.

One of the most vulnerable links in the chain of international finance.

Large U.S. banks cannot afford to reduce their financial intermediation for fear of causing further difficulties to borrowers and smaller banks alike.

The suggestion is, therefore, that lending banks from countries such as Japan, Germany and Switzerland (and probably others) should undertake the initiative to convert their own portion of the loans, or as much of it as possible, to their respective currencies.

Technically they can do this on any interest-fixing date. It is true that the option to select the currency belongs to the borrower, but a switch of currency could be done by mutual consent as it would benefit both parties.

The immediate effect of the switch would be to decongest the inter-bank market by decreasing the demand for dollars required to roll over outstanding loans. It would reduce the pressure on that currency as well.

It would help to define the responsibilities of the lenders of last resort by contributing to a better understanding of how the system must be supported if something unforeseen occurred. For example, German banks can denominate their loans to Brazil in deutschemarks, and if something were to happen to Brazil the German central banks would act as lender of last resort to their DM-denominated assets.

Right now these banks have to concern themselves with "dollar availability" at every interest-fixing date and, on top, they are not very sure who is to act as lender of last resort to their dollar assets. The same is true for the Japanese banks, which are probably the second largest group of international lenders after the American banks.

Governments and central banks of the countries in question are likely to object to this suggestion on the grounds that it exposes their currencies as a reserve asset to a much greater degree than they would wish.

However, today we are not in a perfect financial world, and surely the least these countries can do is to share the burden; their central banks must be ready at least to stand behind the loans of their institutions denominated in their own currencies. It may be dangerously misleading to believe that the Federal Reserve will bail out dollar-denominated assets of other countries. Closer examination of the intricacy of the inter-bank market and the U.S. attitude in this respect does not support such complacency.

For the borrowers the gain could be appreciable. They would switch away from the dollar a certain proportion of their loans and this would mean immediately a lower rate of interest. They may incur a theoretical foreign exchange risk, but this can be assessed only when the principal of the loan is to be repaid in the years to come. In the meantime, they would enjoy the difference between interest rates on the dollar and the yen, for example, which today could be as much as five points.

Mr Zombanakis is an international banker with long experience of the financial system.

Letters to the Editor

Privatisation of British Telecom

From Mr Alan Chamberlain

Sir,—British Telecom in its full-page advertisement (in the Financial Times of November 7) says that a future private Telecoms Business will maintain British Telecom's existing policy on the provision of uneconomic services, such as telephone kiosks, emergency and rural services, and BT board's current policy of price restraint, and that these policies will be guaranteed by law and the provisions of the licence (yet to be granted to BT).

These assurances do not hold water.

How can the board of British Telecom, a currently nationalised industry, give assurances that bind a new board of a private telecommunications chairman of the BT board, Sir business? They cannot. The George Jefferson, most certainly did not feel bound by his predecessor's policies and changed them quite radically. Indeed, what new chairman worth his salt would be prepared to take up the post with such restrictions placed upon him? Is it even fair for a currently nationalised industry to endeavour to foist its policies on a future privately-owned enterprise dedicated to taking commercial decisions rather than dictats from Government about what service it should provide and for whom?

Neither are the "requirements" in the new BT Bill as watertight as is being suggested. The Government has not explained how BT plc's pricing policy will be constrained beyond the vague "RPI-x" formula. What is the "x" going to be? To which services will it apply? Or will it apply to an average of all tariffs and charges which will allow for considerable and radical rescheduling from big business to the ordinary customer?

The "guarantee" in the BT Bill and in the licence to maintain rural services also provides a major loophole for any private telecommunications company including BT PLC. How will these guarantees ensure adequate investment in these services in the future? The vague Government concept of "access" charging has been shown not to work in America. Our study "The American Experience" which we have just produced, demonstrates clearly that AT & T (or Ma Bell) following the removal of its monopoly, swiftly acted to divest itself of its loss-making services and eschewed its public service commitments for commercially based decisions. The result, increases in customer charges of up to 300 per cent and a reduction in rural services.

It is interesting to note that BT, in their advertisement, have not addressed themselves to the Defence issue. We have previously asked the question of how BT's huge involvement in the defence network is to be managed under a fragmented private company. There has been no answer to this, either from BT or the Government. Yet it is a serious and important question. Could it be that they have not thought it through?

Because BT cannot satisfactorily answer the questions we are posing, they are now launching a major misinformation campaign and all on public money in support of the political ideology of privatisation for its own sake, and the devil take the hindmost.

Alan Chamberlain.
British Telecommunications Unions Committee,
14-15, Bridgewater Square, EC2.

Support for plane makers

From Mr Hubert Scholes.

Sir,—Geoffrey Owen (Lombard November 4) is right to call for a public debate on support for civil aerospace. Our involvement in the industry has been an economic disaster ever since the war, as reports by the Public Accounts Committee—ignored by successive governments—have amply demonstrated.

Big civil aircraft and engine projects demand heavy development costs and only a handful of companies can take them on; the leaders are American and enjoy a built-in advantage in their home market. In this situation British manufacturers, despite their acknowledged technological skills, are at a permanent economic disadvantage. For the foreseeable future we must expect a continuing need for government subsidies—dignified no doubt by the name of launching aid—if they are to remain in the business.

The direct cost—hard as it is to justify at a time of public expenditure restraint—is not the whole story. Because these industries are technologically advanced and exciting, they have attracted a disproportionate share of our best engineering talent, which might have been far more usefully employed in bringing some of our medium-technology companies up to date.

Certainly jobs are at stake, and one could hardly contemplate withdrawing all support overnight. As a first step, responsibility within government for Rolls-Royce and British Aerospace might be transferred to the Defence Department, on the basis that all public funding for civil work would be a charge on the defence budget (which would in return benefit from any ensuing profits). This should help to sharpen decision taking and encourage the companies to seek out gaps in the civil market which could be profitably exploited in association with their military business, instead of setting their sights on more glamourous, but inevitably loss-making, large projects.

Hubert Scholes.
5a Lancaster Avenue,
Farnham, Surrey.

Constitutional challenges

From Dr George Winterton

Sir,—In "Crisis Poses UK Constitutional Puzzle," discussing the Grenada invasion, your political correspondent compared the positions of the Australian and Grenadian Governors-General. She referred to the Australian Governor-General's dismissal of the Prime Minister in 1975 and implied that his action was "later upheld in successive legal challenges" (Oct 28). With all respect, that is completely incorrect. The Governor-General's dismissal of the Prime Minister was never considered by any court of law. Moreover, the preponderance of informed Australian comment on that affair holds that the Governor-General's action was contrary to constitutional convention, and was probably unlawful as well.

George Winterton.
Associate Professor of Law,
P.O. Box 1,
Kensington,
New South Wales,
Australia

National Insurance as payroll tax

From Mr J. Price

Sir,—Mr Brittan's article (November 3) on taxes that hit jobs made no reference to the positive effect on labour utilisation efficiency of percentage pay-roll taxes, of which the NI surcharge is, one to a great extent. A tax which encourages efficiency should not be discarded lightly. Rather, better to extend the pressure to those earnings over the present limit.

The real problem of unemployment is the inability of those incapable of earning an economic wage sufficiently in excess of the social security alternative to make taking a job worthwhile. Abolishing payroll taxes will not help those unemployed. They would be helped, however, by a payroll subsidy such as a grant to employers for every employee for whom a NI payment is made. This could enable employers to pay more than the economic wage to their lower paid workers, and hopefully bring more into the work force.

The alternative cure is to lower social security benefits, but I think the British public would rightly denounce such a move.

J. Prince.
10 Victoria Grove Mews,
W2

Slow work by Telecom

From Mr Oliver Lever

Sir,—Towards the end of last August, on the understanding that the work would be done within three weeks, I gave an order to British Telecom to install two socket extensions in my house. I was told I would receive a letter telling me when it was proposed to call and do the work.

Ten days later I did indeed receive a letter saying that the work would be carried out as soon as possible. Eight weeks have passed and I have heard nothing more. However, inquiries of the two sales offices in Nottingham resulted in assurances that orders given now would be completed in two or three weeks.

Is my predicament, as I suspect, the result of some administrator's blunder or, now that one's own apparatus may be fitted, am I being victimised for failing to include in my order a BT telephone? Whatever the reason, it does British Telecom no credit.

Oliver Lever.
Blackacre,
Park Road,
Plumtree, Nottingham.

Life value of a non-smoker

From Mr Patrick Cross

Sir,—Will Eagle Star be offering non-smoker discounts on life assurance policies?

Patrick Cross.
70 Brook Street, W1.

FINANCIAL TIMES

Wednesday November 9 1983

POWER STRUGGLE REACHES CLIMAX AT GERMAN ENGINEERING GROUP

GHH board replaces its chief

BY JOHN DAVIES IN FRANKFURT

THE POWER struggle in Gutehoffnungshütte (GHH), the big West German engineering group, reached its climax yesterday with the departure of Dr Manfred Lennings as chief executive.

He was replaced as head of the concern – which has annual sales of nearly DM 16bn ($6bn) – by Dr Klaus Götte, a former executive of the Flick industrial group and of Allianz, the insurance company.

The management change at GHH was touched off by the troubles of its biggest subsidiary, Maschineofabrik Augsburg-Nürnberg (MAN).

MAN made a DM 300m operating loss last financial year, mainly because of a slump in sales of trucks and marine diesel engines.

Dr Lennings wanted to step in personally to tackle MAN's problems but met opposition among leading shareholders and so offered to resign.

The complex struggle to influence the future of one of West Germany's biggest industrial companies was played out in a tranquil setting on the outskirts of Frankfurt.

The 20 members of GHH's supervisory board, representing shareholders and workers, made their decision at a two-hour meeting, while Dr Lennings, Dr Götte and other top-level managers waited in an adjoining room.

The meeting marked the end of an era at GHH in a number of ways.

Dr Lennings, still only 49, has put a strong personal stamp on GHH over the past eight years, where he has built a reputation as one of West Germany's leading industrialists.

Moreover, his replacement brings about a shift in the regional balance of power within GHH – in a country where regional differences at times play an important role.

Dr Lennings was born in and identified with the old industrial heartland of northern Germany where the ironworks which developed into GHH emerged in the 18th century.

Dr Götte is more associated with Bavaria, where the MAN subsidiary also has its power centres.

In addition, Herr Klaus Haniel, a member of one of GHH's founding families, resigned as head of the supervisory board in a gesture of sympathy with Dr Lennings. For the first time in 110 years, GHH now does not have a member of the founding families at its head.

Herr Haniel remains a member of the supervisory board, but was succeeded as chairman by Professor Matthias Seefelder, former chief executive of the BASF chemical concern.

Opposition to Dr Lennings stemmed from within Regina Verwaltungsgesellschaft, a holding company owned by the Bavarian-based Allianz Versicherung, the closely-related Munich-Re-Insurance and the Commerzbank.

Herr Paul Lichtenberg, who has been a power at Commerzbank for decades, objected to Dr Lennings' plan for intervening in MAN, which would have meant the removal of top executives there.

Instead, the tables were turned on Dr Lennings by means of Dr Götte, who was sent by Allianz onto MAN's supervisory board earlier this year.

Dr Götte is expected soon to put forward plans for restoring MAN to health, in the wake of his own investigations and a study made by the McKinsey consulting firm.

MAN announced several weeks ago that more jobs would be lost in truck making and engine building, but expects to reduce its losses on trucks.

Apple to make products compatible with IBM

By Louise Kehoe in San Francisco

APPLE COMPUTER, the U.S. personal computer maker which has suffered from the onslaught of competition, has signalled a major policy change by moving to make its products compatible with those sold by International Business Machines (IBM), the world's largest computer maker.

In an effort to boost sales of its Apple II model, which accounts for more than 80 per cent of revenues, Apple announced the introduction of an add-on unit that will enable the model to use some of the programs designed for IBM's personal computers.

The announcement is seen by industry observers as a desperate move towards IBM's established industry standard for personal computers. IBM foreshadowed its deeper involvement in the market last week when it unveiled its PCjr home computer.

Mr John Sculley, Apple's president, also said that the company's earnings for each of the first two quarters of fiscal 1984 would be no higher than the $5.1m net profit recorded in the fourth quarter of fiscal 1983 ended September 30.

Mr Sculley said, however, he expected "a gradual return of margins to our traditional level about a year from now." Net profits in each of the first three quarters of fiscal 1983 exceeded $23m.

The add-on unit for the Apple II will cost about $2,000 and will be made by Rana Systems of Chatsworth, California, a company with 60 employees. It will incorporate an IBM-compatible microprocessor which will take over as the "brain" of the Apple II. Also included are two disk drives similar to those used by IBM. In effect, the Apple II would become little more than a keyboard and memory attachment to the Rana unit.

It is not clear how much, if any, IBM software would run on an Apple-Rana system. Experts suggest that all programs would need to be modified.

THE LEX COLUMN

Gravity problem in Whitbread brew

Whitbread has stayed true to form in reporting interim figures which serve up less than a full measure of useful information. But as well as being confused by excise duties, the group's turnover for the six months to August, up from £455m to £581m, has also been coloured by new contributions from the U.S. – and Whitbread has carefully avoided disclosing the latter's impact either on sales or on pre-tax profits, which have risen from £43.9m to £50m.

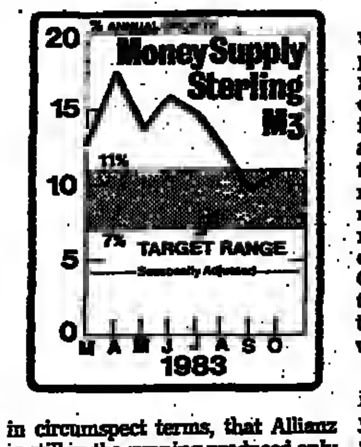
This ultra-discreet approach is one result of Whitbread's extremely competitive environment. Shrinking margins are another. The group's UK beer sales volume has declined again and major cost reductions have only been sufficient to keep Whitbread abreast of the other five leading brewers. Lower realised prices across the board have still left margins tighter than before. Probably serious damage was avoided by a sales boom in the hot mid-summer.

Even so, the implication is that a £7.1m jump in trading profits to £55.4m has drawn very largely on a first-time contribution of perhaps £3½m from Julius Wile in the U.S. and a significant advance by Whitbread's retailing businesses.

Falling industry sales have historically prompted a fundamental consolidation of the UK beer market. Whitbread has worked at least as hard as any of its competitors on the options facing all of them – its non-beer sales have risen from nil to 40 per cent of the total in seven years – but the squeeze on margins poses an awkward problem. Just maintaining its share of the market is making a huge cash demand: estimates of the industry's 1982 total promotion expenses are daunting and Whitbread's new Best Bitter will take some time yet to repay its launch costs.

This leaves very little for a major take-over, say, or a restructuring of its tied property estate with which Whitbread could possibly spark the changes needed to rid the industry of its surplus capacity and restore profits growth.

The shares reflect no speculation that an outsider may yet intervene to help in this task: down 6p at 143p, they yield a prospective 6.1 per cent.



Allianz/Eagle

Nothing short of a pitched battle on stage is going to satisfy spectators of the Eagle Star drama. The arrival yesterday of a Bavarian messenger to confirm, admittedly in circumspect terms, that Allianz is still in the running produced only yawns. The Eagle Star price slipped 7p to 608p, still comfortably above the level of both offers.

The German company may have all the information and clearances it needs by about this time next week and, in the meantime, will presumably extend its present offer, the first closing date for which is this Saturday.

If it returns to the fray, Allianz will be sorely tempted to offer some equity. Its balance sheet is inscrutable but an all-cash bid at above 600p per share – and it may need to be a good distance above that price – might test even the resources of Germany's largest insurer. Moreover, the group will not be blind to the fact that, in sterling terms, its share price has risen 15 per cent since last month's dawn raid.

A straight equity offer would pose all kinds of technical problems, however, not least because the value of one Allianz share is a thumping £200. Moreover, it will want to make its new bid as directly comparable with the BAT offer as it can, in order to present shareholders with a stark choice and put the Eagle Star board on the spot.

Morgan Grenfell, the Allianz advisers, may therefore recommend another cash offer, the cost of which could be met – partially at least – through an underwritten placing of Allianz equity.

De La Rue

The recovery still seems to be rolling on at De La Rue, which is showing a one-third increase in pre-tax profits for the six months to September at £14.2m. Displaying their usual volatility, the shares oscillated between 550p and 580p yesterday before settling for a gain of 20p at 570p.

The turnround in Crosfield which more than accounts for the improved overall result has been more rapid than most outside observers expected. For the moment Crosfield's colour scanners seem to have a definite technical lead over anything else in the market, and the need to write off obsolete stock is no more than an unpleasant memory. Moreover, the market has been expanding at the same time as Crosfield's share of it, with an uptick in U.S. orders likely to keep things moving ahead for some while yet.

That should point to continued improvement for De La Rue next year, even though both of the group's main activities are hedged about with enough uncertainty to contain stock market enthusiasm; the shares still yield over 8 per cent with a prospective p/e of less than 10. Product lives in a business such as Crosfield tend to be short, and technological superiority still more so, while pricing is always very competitive. And although the odds must favour a boom for De La Rue's security printing as the Third World finally wears out its ageing stock of banknotes, there must be an outside fear that insolvency crises could precipitate a return to the cowrie shell in some less-developed debtor economies.

Money supply

The response of the gilt-edged market to yesterday's preliminary money-supply figures for banking October was wholly mystifying. All the evidence suggests that lending has begun to accelerate again, conceivably quite sharply, while last month's very lean pickings of stock suggest that the Government Broker will soon be back in action. The market, however, obstinately refused to be cowed by this information and prices finished at their best levels of the day.

It seems a fair assumption that the public sector had an almost neutral effect on sterling M3 last month, so the great bulk of the estimated 1½ per cent increase must have come from bank lending. On the face of it, this hardly squares with the clearer's report of very modest growth in advances. The most likely explanation seems to be a steep increase in bill finance, which would suggest some belated rise in corporate loan demand. Taking that into account, sterling lending by the system may have amounted to almost £1½bn, seasonally adjusted.

Sudanese pipeline protests rejected

By Christian Tyler, Trade Editor, in London

THE International Finance Corporation in Washington yesterday rebutted criticisms of the way in which a big Sudanese oil pipeline project was awarded to Italian contractors.

The IFC, which has a minority share in the project's management, was replying to complaints by Dutch and French consortia.

It said: "With the information we have we are satisfied that the procedures were in all respects correct, fair and in line with the IFC's requirements."

A spokesman said: "We have looked into the matter and we think we have a full picture."

The IFC, an affiliate of the World Bank, has a 6 per cent stake in White Nile Petroleum, the owning and operating company equally controlled by Chevron of the U.S. and the Sudanese Government. At the beginning of last month, White Nile awarded a $322m contract to Snamprogetti and Saipem of Italy to build a 900-mile oil pipeline. This is the first and major part of a $960m plan to develop and export Sudan's oil reserves.

French and Dutch competitors, who in a first round of bidding in May were considerably cheaper than the Italians, had taken the unusual course of protesting to the IFC. But, as the IFC spokesman emphasised last night, their complaints were referred to Chevron – a subsidiary of Standard Oil of California – which handled the bidding and is directing the work for White Nile.

A Dutch consortium led by Nacap protested that the course of the bidding did not follow the usual procedures, while the unsuccessful French consortium led by Technip said that the tender was not in accord with Sudanese, U.S. or World Bank regulations.

However, neither group seems anxious to press its complaint further because of the possibility that some of the pipeline work will come their way after all.

It was confirmed yesterday that Mr Roger Loper, a Chevron executive and White Nile's project director, has been in discussions with the French consortium.

Meanwhile, according to sources in the industry, Snamprogetti might have difficulties in supplying the necessary quantities and specification of pipe from Italian mills. It had hoped to draw its pipe from its former Japanese partner, Chiyoda. But Chiyoda has pulled out of the first phase of the project, partly because it could not get the Japanese Government to accept the political risk involved in extending export credits for the project.

The French claim that they can readily supply the pipe from a private steel company, Vallourec, and that financing for that part of the operation would be guaranteed.

Motorola plans German sales boost through new facility

BY PAUL BETTS IN PARIS

MOTOROLA, the U.S. electronics group, is building a new facility in Munich to strengthen its position on the West German market for semiconductors.

The new plant, Motorola's first wholly-owned facility in West Germany, will be a supporting and application centre with some light manufacturing activities designed to back up the company's marketing operations in West Germany, M Andre Borrel, general manager of Motorola's European semiconductor division, said yesterday.

He said the new facility would also help give Motorola a better balance in semiconductor operations in Europe. The U.S. group has a major manufacturing plant in Toulouse in France with 1,800 people and has recently set up a plant in East Kilbride, Scotland where it hopes to invest about $150m between 1982 and 1985. In Germany, however, Motorola's semiconductor operations employ only about 250 people.

Mr Dedy Saban, Motorola's European marketing director, said yesterday West Germany was the single largest European market for semiconductors and one in which the Japanese had strong designs. Motorola at present has the third largest share of the European semiconductor market with annual sales of about $253m last year after Philips with $400m and Texas Instruments with $320m.

Mr Saban said the West German market was the most open in Europe and success depended on three factors: "service, quality and price."

Motorola is investing in the new facility in Munich with the objective of improving service and client relations, he explained.

Both Mr Saban and M Borrel are on an annual European tour organised by Motorola to analyse the evolution of the semiconductor market and Motorola's performance and outlook in this market.

Mr Saban forecast yesterday that the market share of European semiconductor manufacturers would decrease in coming years with the U.S. regaining European market share against the Japanese. This is largely because of the strength of U.S. industry in the microprocessor sector of the semiconductor market.

Courtaulds to sell Irish plant

BY ANTHONY MORETON, TEXTILES CORRESPONDENT IN LONDON

COURTAULDS is close to agreeing the sale of its Letterkenny, Co Donegal, polyester spinning and yarn finishing plant to Unifi of Greensboro, South Carolina.

The U.S. group is one of the two largest American groups involved in texturising – the finishing process for man-made fibres. The deal, for which no price has been disclosed, is part of Courtaulds' policy of concentrating production on acrylic fibre (used largely in knitted goods) and on viscose staple (which is used in making rayon).

Neither company would comment on the deal yesterday though it is understood that the price is expected to be "relatively small" compared with the £71m ($105m) Courtaulds raised through a rights issue in May.

The sale will give Unifi its first production base in Europe. Although it has almost 1,000 employees at its plant in Yadkinville, North Carolina, it has been an exporter only to Europe.

For Courtaulds the deal represents part of its policy under Mr Christopher Hogg, group chairman, of moving out of those fibres where margins are low and into its areas of strength. In viscose staple, for instance, the company accounts for 10 per cent of world output and its Courtelle is a world leader in acrylic fibres.

Its withdrawal from polyester was virtually completed when the company closed the Carrickfergus plant in Northern Ireland, with the loss of 306 jobs, in February 1981.

Four months later it pulled out of spinning, weaving and finishing at Campsie, outside Londonderry, with the loss of 630 jobs, and then in March last year it severed its last ties with the province when it closed the Dungannon dyeworks, dismissing 300 workers.

Setback for UK hopes on EEC budget

Continued from Page 1

munity's spending in continental Europe on the milk surplus would be attributed to Britain, in line with its share of total EEC dairy output.

On this basis Britain could be attributed a share of farm spending of around 16 per cent, which is much closer to its 21 per cent share of financing the Common Agricultural Policy.

The British Government has long argued that the only accurate measurement of its budget imbalance is the difference between the amount it transfers to Brussels in budget payments and what it receives back as Community expenditure.

As the British pointed out yesterday, this has been the basis for calculating special budget rebates for the UK over the past four years. In 1982 the negative net balance for the UK was 2.036bn European currency units ($1.8bn). But the new approach now favoured by the Commission is said to point to a "real" net payment by the UK of only around Ecu 800m.

M Thorn's motive in masterminding the new approach is based on the judgment that other member states will not make the necessary sacrifices to close the "net balance" gap in British payments. The Commission's initiative will obviously attract other member states because it offers a desirably low definition of the British budget problem and, hence, the path to a cheaper solution.

The proposal looks likely to push an agreement between Britain and its partners even further out of reach, however. Mrs Thatcher, the British Prime Minister, is said to be totally inflexible on the issue.

Sears plans $1.7bn stores facelift in U.S.

By William Hall in New York

SEARS ROEBUCK, the world's largest department store group, is to spend $1.7bn on renovating existing stores and building new ones over the next five years. It will be the largest expansion programme in the company's history.

Mr Edward Telling, Sears Roebuck's chief executive, said that the company's "store of the future" programme called for remodelling more than 600 stores and building 62 new ones.

Sears's move towards modernising existing facilities reflects the "dramatic decline in the number of desirable new shopping mall locations, and the competitive importance of upgrading existing facilities to generate sales and profit growth."

Some 350 of the group's largest and most productive stores in big metropolitan markets will be remodelled over the next three years. In the following two years, another 250 smaller shops will be remodelled. Sears says that next year it will open f4 new stores and remodel 85 others.

UK monetary growth hits interest rate hopes

BY MAX WILKINSON, ECONOMICS CORRESPONDENT, IN LONDON

BRITAIN'S money supply rose sharply in October, dampening hopes of any imminent fall in UK interest rates.

The Bank of England estimated yesterday that sterling M3, the broad measure of money, and M1, the narrow measure, both rose by 1½ per cent in the month, the equivalent of an annual rate of increase of nearly 20 per cent.

The Conservative Government's target is to keep the annual growth rates between 7 per cent and 11 per cent. However, in the eight months from February, when the present target period began, M1 has never been within this range. Sterling M3, after growing at an annual rate of 20 per cent in the four months to June, came back into the target range in September but is now threatening to escape again.

Private sector liquidity, the widest measure of money which includes building society deposits, is still substantially above its target range, although its rate of growth has slowed considerably since the spring.

The government securities market reacted unfavourably to the latest money supply estimates yesterday with initial falls of up to ¼ point in prices for long dated stock. But the end of the day's trading, however, it appeared that the market had decided to heed the authorities' warning not to pay too much attention to one-month's figures, and prices finished ½ point up on the day.

The sharp increases in M1 and sterling M3 in October are thought to reflect a somewhat faster rate of bank lending to the private sector as well as a much slower pace of official funding during the month.

The monthly statement by the London clearing banks yesterday suggested an underlying increase in lending of only about £225m ($335m), quite a small sum by previous standards.

There were indications yesterday, however, that the authorities may be expecting that the full banking figures later this month will show an increase of perhaps as much as £1½bn.

Monetary jungle, Page 8; Lex, this page

World Weather

		°C	°F
Malaga	C	20	68
Malta	T	16	61
Manila	S	30	86
Miami	C	27	81
Milan	S	14	57
Moscow	C	7	45
Munich	F	9	48
Salzburg	S	15	59
Seoul	F	17	63
Singapore	R	28	82
Stockholm	S	10	50
Strasbourg	C	6	43
Sydney	C	29	84
Taipei	S	28	82

Readings at mid-day yesterday: C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Arafat may agree to leave Tripoli

Continued from Page 1

strengthening the U.S.-Israeli relationship. Officials have stressed, however, that they are not proposing to enter into joint military planning in the Lebanon.

Margaret van Hattem writes: In London yesterday many British MPs concluded after listening to Mrs Margaret Thatcher, the Prime Minister, that the U.S. was about to take retaliatory action for the death of the 230 marines killed by a bomb blast at their Beirut headquarters.

Mrs Thatcher rejected as "unrecognisable" press accounts of her meeting on Monday with Mr Kenneth Dam, U.S. Deputy Secretary of State, many of which reported that she had failed to obtain assurances that the U.S. would not retaliate.

She drew a distinction, however, between "retaliation" and "action in self defence" – a distinction which Sir Geoffrey Howe, the Foreign Secretary, did not make when he outlined the British Government's attitude 10 days ago. Sir Geoffrey then said that action against individuals identified as being responsible for the bombings was quite different from action against nations or governments, and that Britain could not support the latter.

Yesterday, Mrs Thatcher said: "It is for them (the Americans) to consider how far the laws of self defence permit any action they may or may not be considering."

The conclusion being drawn by many MPs is that the Government is convinced that the U.S. is about to act, and that it is preparing the ground for Britain to adopt a neutral attitude.

Labour, however, signalled yesterday that it would strongly oppose such a position. Mr Neil Kinnock, the Labour leader, unsuccessfully pressed Mrs Thatcher for assurances that U.S. retaliation would trigger a withdrawal of the British peace-keeping force.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Wednesday November 9 1983

State aid hope for IBH unit Hanomag

By John Davies in Frankfurt

HANOMAG, the Hanover-based subsidiary of IBH, the struggling West Germany construction equipment concern, is hoping to keep production going despite the group's financial difficulties.

Herr Wolfgang Freimuth, the chief executive, said last night that Hanomag had orders on hand to last four months and it would be senseless to stop production.

He said the company was negotiating with suppliers to keep raw material deliveries coming. It had succeeded in reaching agreement with some important suppliers and was continuing negotiations with others.

Herr Freimuth said Hanomag had held talks with city and state government authorities and hoped to receive financial aid.

However, he said work had been halted temporarily on construction of a new DM 170m ($63m) factory, for which the foundation stone was laid a month ago.

There are stong feelings in political circles in Hanover that Hanomag should be saved. But there are some fears that legal and financial complications could lead to a break in production.

Hanomag's origins in Hanover date back nearly 150 years and it provides jobs for 2,600 workers.

City authorities and the state Government of Lower Saxony recently agreed to provide most of the financial backing for the planned new factory.

It would be politically embarrassing to abandon the company only a matter of weeks later.

Meanwhile, banking authorities are planning to widen the network of banks involved in the rescue of the private bank of Schröder, Münchmeyer, Hengst (SMH).

The banking system's intervention to save SMH last week led to IBH's approach to the courts to seek protection from its creditors.

SMH had provided heavy financial backing for IBH, in which it has a 7.5 per cent share stake.

In the latest move, the Federal Banking Supervisory Office has called a meeting today of banks which had small credit lines of between DM 5m and DM 10m to SMH.

Other banks, together with the banking system's deposit guarantee fund, agreed last week to provide an aid package totalling DM 630m. This aid is to be converted into subordinated capital for the bank.

The banks with smaller involvement, however, will be asked merely to keep open some of their credit lines to SMH.

French IBH subsidiaries seek own path

By David Marsh in Paris

THE FRENCH subsidiaries of IBH Holdings, the financially troubled West German construction plant maker, will try to follow an independent path after their parent company's decision last week to seek court protection from creditors.

In a communique, IBH France said the French companies concerned, Maco-Meudon, Pingon and Derruppe, had already become more autonomous in their operations over the last year. In collaboration with the Government, which is studying measures to keep the companies alive, they would try to continue this path, the commimique said.

Mary Helen Spooner in Santiago looks at political pressures on the financial sector in Chile

The mixed fortunes of a Chilean banker

SR JAVIER VIAL, the director of one of Chile's largest financial groups, personified his country's economic boom from 1978 to mid-1981.

A charming, U.S.-educated banker and businessman, Sr Vial survived the anti-business climate under Socialist President Salvador Allende (1970–73) when the Government tried to nationalise the Banco Hipotecario de Chile (BHC), a mortage bank in which be held controlling shares. The Allende Government tried to have him gaoled on a number of occasions.

Today, after building the BHC group into a conglomerate employing 20,000 and encompassing around 50 companies, Sr Vial faces the enmity of certain officials in General Augusto Pinochet's regime who would also like to see him gaoled – or even deported.

In June this year, the authorities filed fraud charges against Sr Vial, prohibiting him from leaving the country pending the outcome of an investigation into charges that he illegally negotiated $1.3bn through the Banco Hipotecario de Chile and two other banks to BHC affiliate companies. The suit has been moving slowly, with Sr Vial having been called to testify only once. Some interpret the slowness of pace to official ambivalence towards Chile's conglomerates.

"Suits such as this one, in which there are no specific charges, almost always die," Sr Vial said in a recent interview.

"There is nothing concrete. We have broken no law. I am convinced that this is merely a political situation and that I am being used as a scapegoat."

Pressures on the BHC conglomerate and other Chilean groups began late in 1981 when the regime decreed a new banking code aimed at curtailing the practice of private banks lending to their affiliate companies without adequate security.

A few months later, authorities began seizing administrative control of banks and financial institutions deemed to be in violation of the new code.

The following year, when it became evident that most of Chile's private banking system was in serious difficulties and would not be able to put its accounts in order before the decreed deadline, the central bank tried a new tactic: it would help private banks with extensive lending to related concerns by purchasing their bad debt portfolios and allowing them to repay it over 10 years. In exchange, the banks would have to reduce loans to related firms to 2.5 per cent of their total loan portfolios within five years, with the Government's bank interventions stopping.

Sr Vial was reluctant to sign such a deal with the central bank, especially when officials demanded his resignation from the presidency of the Banco de Chile, the country's largest private bank, and the separation of the institution from the BHC group. Although the accord was eventually signed, Sr Vial retained influence with the Banco de Chile's board of directors.

According to the Chilean banking authorities, Banco de Chile not only failed to cut back its loans to the BHC group, but actually increased its lending to BHC companies in the months after the accord with the central bank.

On January 13, the Finance Ministry announced on television that it was intervening in Banco de Chile, in the sense of taking administrative control, liquidating the BHC bank and intervening in and liquidating five other financial institutions. With the banks under their control the authorities filed bankruptcy petitions against 36 BHC companies. Sr Vial's lawyers are contesting 15 of these bankruptcy cases.

The bank interventions fly in the face of the Pinochet regime's early stated commitment to free market principles. Chilean authorities, on the other hand, blame the group for abusing the system. In their view, the Government cannot risk a domino-like run of bankruptcies throughout the private sector in the event of a single company folding.

"In Japan, the big financial groups all have their own flagship banks," a foreign economist in Santiago notes. "The question is: Why does this system work in Japan and not in Chile?"

One explanation is offered by Fernando Dahse, a Chilean sociologist and author of a widely read book on the country's financial conglomerates. The failure of neo-liberal economic experiments in Chile, Argentina and Uruguay, he maintains, has an eminently cultural origin.

"We Latins have a tendency to want to make a lot of money in the shortest time possible. The search for quick gains is very ingrained in the Latin American business executive," he said. "When they imposed this free market model, the regime's economic team thought Chilean businessmen would act the way British, American or West German businessmen do."

Sr Vial, for his part, blames the authorities for "changing the rules of the game in mid-play."

A curious sidelight of this battle of conglomerate and Government is the fact that many former executives of the BHC and other groups have recently held posts no the regime's economics team. The BHC's former vice-president, Sr Rolf Luders, who resigned in August of last year, was later appointed the regime's Minister of Finance and Economy – and announced the decision to seize the BHC Bank and other institutions on January 13, though giving way eventually, this year, to Sr Carlos Caceres.

One of Sr Luders' under-secretaries was Sr Jorge Cauas, the former president of Banco de Santiago, one of the banks in which the Government intervened early this year. The head of Chile's banking authority, Sr Boris Blanco, is a former board member of the Banco Andina, a Panama-based bank affiliated to the BHC group.

The BHC group, along with Banco de Chile, accounts for about $2bn of Chile's $18bn foreign debt, and foreign creditors have expressed concern for the fate of Sr Vial's negotiations to reschedule $3.6bn of debts due this year and in 1985. Pressure from the banks prevented Chilean authorities from liquidating at least three BHC companies earlier this year.

Meanwhile, the BHC is operating at less than half the capacity it had in 1981. The conglomerate now employs about 8,000 people, down from 20,000 three years ago. Sr Vial insists that his companies are "no better, or worse off, than other Chilean concerns," and blames their problems on government policies.

"I believe there are still a lot of stubborn officials who want to blame me for their errors," he says.

Electrolux shares go on Paris Bourse

By David Brown in Stockholm

ELECTROLUX, the Swedish household appliances group, has announced thet its shares will be quoted on the Paris Bourse starting next week.

The introduction of Series B freeshares does not involve a new issue. It is being managed by three French banks, Louis Dreyfus, Banque Indosuez and Credit Industriel et Commercial, with Carnegie Fondkommissinn in Stockholm, and will begin on November 15.

France is the group's largest single market after the U.S. It generated 12 per cent of SKr 3.7bn ($0.5bn) of total group sales in 1982. Electrolux employs 9,000 in France producing household appliances, television sets, sterilisation equipment and car seat belts.

Electrolux shares are quoted in London, Geneva and Oslo. Trading in American Depository Receipts (ADRs) is scheduled to start early next year.

The group's Gränges metals subsidiary earlier announced agreement to sell its entire minerals production and exploration activities in Canada to the Vancouver-based mining firm, Pecos Resources, for C$18m (U.S.$14.5m).

The sale of International Minerals Exploration and Gränges Exploration AB is a major step in the division's withdrawal from the mining sector, said Electrolux's general counsel, Mr Ulf Magnusson.

"The connection between mining and the rest of our activities in household appliances has grown very thin," he said.

Gränges retains a 28 per cent interest in the large Lamco iron ore joint venture in Liberia, with Bethlehem Steel of the U.S., the Liberian Government and other private investors.

Sales for the Gränges-owned portion of the mine fell from $110m in 1981 to $95m last year, when the operation broke even. A loss of about $9m is expected this year on sales of $90m, according to the Lamco division president, Mr Arne Dahlström.

The current production of 6.6m tonnes is "extremely low", he said, and the operation has been hit by high unit costs. It cut its workforce by a third last year.

Thomson shows a sharp earnings rise

BY NICHOLAS HIRST IN TORONTO

THOMSON NEWSPAPERS, the Toronto-based North American publishing group controlled by Thomson family interests, increased net income sharply in the first nine months of the year, to C$85.8m ($69.5m) from C$67.1m on a small increase in sales.

Revenue was C$509.1m against C$492.3m. Earnings per share were C$1.73 against C$1.35.

The company said that its Canadian flagship, The Globe and Mail, showed continuing recovery in the third quarter. The paper has been affected by increased spending on the development of its national editions.

Revenue from newspapers in both Canada and the U.S. improved, although revenue and profits from the commercial printing business in Montreal were significantly lower, reflecting the closing of the Canadian magazine Today in August last year.

Thomson's joint expansion of the Augusta newsprint mill in Atlanta, Georgia, with Abbitibi-Price, under which Thomson was to contribute $50m, has been completed on time and below budget. A new paper machine was successfully started in the last week of September.

Thomson is deferring its 50 per cent share of all revenue and expenses until the expanded mill is fully operational.

Thomson, the largest newspaper group in Canada, and its rival, Southam, are before the Supreme Court of Ontario, charged with conspiring to reduce competition In breach of the Canadian Combines Investigation Act. Both companies have pleaded not guilty.

Grundig to make VHS recorders

GRUNDIG, the West German electronics manufacturer, will begin producing VHS system video recorders under licence from Matsushita Electric Industrial of Japan next year.

The company already makes V2000 system recorders which it developed jointly with the Dutch group Philips.

Grundig said that while the V2000 system is technologically advanced, VHS is so dominant in some markets that it would be too costly to introduce another system.

The company could not say how many VHS recorders would be produced but said they would be made entirely in Germany. It has reached agreement on the project with Matsushita but contracts have not yet been signed.

Reuter

Cockerill Sambre to show reduced loss

BY PAUL CHEESERIGHT IN BRUSSELS

OPERATING LOSSES at Cockerill Sambre, the financially troubled Belgian steel group, will be confined to BFr 2.2bn ($40m) in the last quarter of this year, according to M Gerard Delruelle, the company president.

The total operating loss for the year should be BFr 8.8bn, as forecast, he said in an interview with La Libre Belgique, a Brussels newspaper.

Such an outcome would be a slight improvement on the results of the previous two years, when operating losses were BFr 10.6bn in 1982 and BFr 12.6bn in 1981.

The future of the state-owned group remains uncertain at least until the Belgian Government has concluded negotiations with Luxembourg and the Netherlands on joint measures aimed at complementary production. When these negotiations are finished, the groundwork will be completed for a full-scale restructuring.

Cockerill had a better month than expected in October when it produced 475,000 tonnes of crude steel. But, in accordance with normal seasonal trends, December will be less encouraging.

If trends emerging in the first 10 months of the year are maintained, total Cockerill production of crude steel this year will be about 4.7m tonnes, slightly more than the 4.559m tonnes recorded last year but substantially down on the 6.46m tonnes made in 1981.

The financial outcome depends on remission of interest charges of BFr 1.7bn, M Delruelle said. If this remission does not take place the loss will be BFr 10.5bn.

Telerate income up 90%

By William Hall in New York

TELERATE, the fast-growing U.S. computerised financial information service which is majority-owned by Britain's Exco money-broking group, increased its net income in the fourth quarter by 90 per cent to $6.15m.

For the full year, earnings rose 80 per cent to $20m and revenues rose 61 per cent to $67.1m Earnings per share for the full year total 48 cents against 28 cents.

Mr Neil Hirsch, chief executive and founder of Telerate, said the substantial gains in earnings and revenues were attributable to the increase in the installation of terminals and the expansion of revenues from optional services, reflecting the continuing steady growth in the company's basic business.

Chesebrough-Pond's cleared by Canada

BY OUR TORONTO CORRESPONDENT

CANADA'S Foreign Investment Review Agency (Fira) has ended doubts over the future of a local subsidiary of the U.S.-based consumer-products group, Chesebrough-Pond's.

Health-Tex Canada, a children's clothing retailer owned by Chesebrough, opened seven stores in Ontario before it had been given formal approval from Fira. The company had expected its application to be granted.

But Fira which vets all foreign investment in Canada, turned the application down on the grounds that it did not provide sufficient jobs and investment for Canadians. As a result Health-Tex was faced with the possibility of having to close or sell its stores.

A second application, however, has been approved. Health-Tex, now with 60 employees, intends to expand its workforce to 400 people with investment of more than C$23m (U.S.$18.7m). The company has also committed itself to sourcing much of its supplies in Canada and to developing export markets

GM increases dividend

BY WILLIAM HALL IN NEW YORK

GENERAL MOTORS, the world's biggest car maker, has increased its quarterly dividend from 60 cents to $1 per share, the first increase for three and a half years.

GM, the second biggest U.S. corporation in terms of revenues, has benefited from the strong recovery in demand for cars and an aggressive cost-cutting programme. Last month it announced that its third-quarter earnings had jumped from $129m to $737m on a 23 per cent rise in sales to $17.6bn.

GM's dividend was at its peak in 1977 when the annual payout totalled $5.80 per share. It steadily reduced its quarterly dividend to 60 cents in the second quarter of 1980 and has since held it at that level.

Profits plunge forecast by Ballast Nedam

By Our Financial Staff

BALLAST NEDAM, the Amsterdam-based construction and dredging group, has warned of a drop in profits for 1983 to Fl 16m ($5.35m) from last year's Fl 29m, on turnover which is expected to decline to Fl 2bn from Fl 2.6bn. The group blamed the slowdown in work that has hit its overseas subsidiaries, and which has caused a corresponding slowdown in activities in the Netherlands.

The company says its forecasts for 1983 are based on "the realistic assumption that important new contracts will be acquired in the near future." Without counting in these prospective new orders, it says, the outlook for the year would be significantly worse.

The company's statement also referred to the need to "adapt the size of parts of the organisation" – an apparent allusion to the need for possible job cuts, since it added that consultations would take place with a works council representing employees.

Major shipbuilders hit by low margins in first six months

BY YOKO SHIBATA IN TOKYO

JAPAN'S six leading shipbuilders' results remain depressed with earnings performances in the first half to September 30 hit hard by low margins on vessel construction and sluggishness in non-shipbuilding eectors—including oil drilling rigs, marine construction and plant export.

Orders for new ships in the previous fiscal year, ended March 1983, fell sharply by 48 per cent to 4.35m gross tonnes. This with e becklog of 8.19m gross tonnes which was not enough to keep the Japanese yards buoy. As a result, Government implemented a programme to curtail yard operations in April, putting a ceiling on capacity ntilisation of 74 per cent for the current year and 68 per cent for fiscal 1984.

However, a sudden upsurge of new orders centering on handy bulk cerriers from Japan's Sanko Steamships (110 vessels) and Greek shipowners, helped the yards avoid heving much of their facilities laying idle for et least the next two years.

In the April-September half year, export orders received by Japanese yards totalled 288 vessels, making 5.89m gross tonnes, almost five times the previous year's level. As a result the book of ship orders for export totalled 11.7m gross tonnes—surpassing the previous peak reached during the shipbuilding mini-boom et the end of June 1981.

Ishikawajima-Harima Heavy Industries (IHI) received 42 new ship orders—an increase of 32 vessels over e year ago. Total ship orders received, including ship repair, rose by Y81.6bn to reach Y148.8bn ($628m). This will keep IHI's yards busy up until the middle of 1985.

IHI's sales in the shipbuilding sector during the half year rose by 30 per cent to account for 24.7 per cent of turnover.

Mitsui Engineering and Shipbuilding received 17 new orders totalling 68,219 gross tons, up by 2.4 times over e yeer ago. Total order value rose by 28.8 per cent to reach Y150bn. Sales setbacks in the half were attributed to the ebsence of large ship deliveries and a fall in the sales of steel structure engineering, affected by curbs on public work expenditure.

Kawasaki Heavy Industries saw shipbuilding orders rise by 2.5 times to reach Y87.7bn thanks to Sanko's orders for handy bulk carriers. Sales in the sector rose by 61.4 per cent to eccount for 17 per cent of the total turnover. However, its sales in industrial machinery fell by 32.5 per cent, affected by halved eales of industrial robots. In addition, plant engineering sales plunged by 45.4 per cent.

Fevoursble sales in the aircraft sector, and e recovery in the motorcycle sector (sales up by 3.4 per cent) could not cover sharp falls in other sectors. The company reported half-year net profits by unloading real estate worth Y3bn.

KHI foresees difficulties in recovering earnings sufficiently to pay e dividend until March 1985. As a result, KHI will be the only company to pass e dividend among the six mejor shipbuilders.

Hitachl Zosen's shipbuilding sales rose by 24.2 per cent to account for 30 per cent of the total turnover. However, non-shipbuilding sectors such as oil rigs (down by 78.7 per cent) and machinery (down by 50.9 per cent) eroded earnings. The company sees recovery in the sales of ships and machinery in the current fiscal year, but does not expect to cover the sharp fall in the first balf. Hitechi's full year recurring profits are expected to fall by 24 per cent.

Sumitomo Heavy Industries' (SHI) shipbuilding sales rose by 32.7 per cent to account for 24.9 per cent of the total. Total orders received in the first half-year fell by 13.1 per cent to Y117bn.

FIRST HALF RESULTS

	Net profits Ybn	Percentage change	Sales Ybn	Percentage change
Mitsubishi HI	18.01	286	944	25.8
IHI	5.71	5.1	390	8.9
Kawasaki HI	0.99	−54.1	306	0
Sumitomo HI	1.21	−40.1	157	13.8
Hitachl Zosen	3.01	−27.3	143	−35.0
Mitsui Eng & Shipbuilding	1.45	−72.9	131	−10.9

Charles Smith reports from Tokyo on the structure of the motor industry

Japanese car components - a maze or a pyramid?

JAPAN is famous for its groupings of big companies which stretch across different industries. What is less well known is that a quite different type of group structure exists within some major industries. In the Japanese motor industry the 11 major vehicle assemblers each stand at the top of a more or less closely integrated pyramid of components suppliers.

The way the groups in the motor industry came into existence and the way they are changing under the pressure of slow economic growth is revealingly described by Dodwell Marketing Consultants in its comprehensive guide (in English) to the Japanese car parts industry.

According to Dodwell, Japanese car manufacturers typically produce about 25 per cent, by value, of the parts that go to make up their vehicles whereas the self-sufficiency rate for a big U.S. manufacturer is 48 per cent. The remaining three quarters of the parts used are likely to have come from an army of several thousand suppliers each of whom may be ultimately dependent on a single assembler but not all of whom are necessarily in direct contact with the company they serve.

One very large car maker (unnamed by Dodwell, but believed to be Toyota Motor) has 168 primary suppliers which in turn depend on some 5,500 secondary sub-contractors. A third and outermost circle of tertiary sub-contractors serving the same group may number as many as 35,000 companies.

Dodwell says that the present structure of the Japanese car industry came into existence in the 1950s when it was cheaper and quicker for vehicles assemblers to procure parts from outside than to make them. Today the notion of a one-to-one relationship between a vehicle assembler and a components manufacturer is beginning to make less sense.

Components makers can no longer achieve the economies of scale needed to compete with other components makers by selling only to a single principle. They are accordingly being encouraged to diversify their sales outlets—and to start exporting. Japanese car component exports almost doubled between 1979 and 1982 rising from Y614bn to Y1,122bn (US$4.74bn).

The beginning of a move out of Japan by the major car assemblers has been another factor that threatens to twist the traditional relationships within the industry out of its existing shape. By the late 1980s about 10 per cent of the cars produced by Japanese car makers (around 1.2m units per year) are likely to be made overseas. Car component makers will either have to follow their principals abroad or accept the loss of part of their business.

Dodwell's analysis of what is happening to the structure of the Japanese car components industry forms the background to a series of profiles of the major groupings in the industry, starting with Toyota and Nissan and continuing with medium and smaller manufacturers.

Dodwell notes that the Toyota and Nissan groupings, although of roughly the same size, came into existence in completely different ways. Nissan's group of exclusive or semi-exclusive components suppliers was formed by "magnetic attraction"—ie by Nissan being forced to provide financial or technical assistance to components suppliers who were in trouble. Toyota, on the other hand, spun off affiliates from its original core (the Toyoda Automatic Loom Company).

A point of similarity between Nissan and Toyota is that both companies depend on affiliates for part of the actual assembly of their cars. About 30 per cent of Nissan cars are assembled by group members, rather than by Nissan itself. In the case of Toyota two vehicle assemblers that were once fully independent but which have been drawn into the Toyota orbit produce some of Toyota's models. The Toyota 1.3 litre Starlet, for example, is assembled at the Kyoto works of Daihatsu Motor, once a fully independent company in which Toyota now has a 14.6 per cent interest.

Of the 11 car manufacturing groups covered by Dodwell only two are also full members of Japan's famous business empires. The two are Mitsubishi Motors Corporation, which was spun off in 1970 as a separate company from Mitsubishi Heavy Industries, one of the flagship companies of Japan's largest industrial grouping, and Toyo Kogyo which despite its links with Ford, is now firmly in the orbit of the Sumitomo group.

Apart from these links traces exist of another major industrial grouping. Nissan Motor and Hitachi once constituted the two main members of the Nissan group which flourished before and during World War II. What remains of this relationship today is close co-operation between the two in research and development on car electronics.

Although the Dodwell book does not say so explicitly the pyramidal structure of the Japanese car industry is obviously still strong enough to create serious problems for competitors. Foreign car makers are unlikely to be getting their components as cheaply as Toyota or Nissan. Dodwell does not suggest how to solve these problems, but its 350-page guide to the maze of relationships that makes up the Japanese motor industry throws some light on why they exist.

● *The Structure of the Japanese Auto Parts Industry, published by Dodwell Marketing Consultants, CPO Box 297, Tokyo, Japan. Price in Japan Y80,000.*

Afrox increases turnover but earnings ease

By Our Johannesburg Correspondent

AFRICAN OXYGEN (Afrox), the South African industrial gases and welding equipment supplier which is 60 per cent owned by BOC International, suffered from increasingly difficult trading conditions in the year ended September. While turnover increased by 11 per cent to R237.7m ($204m) from R214.2m, trading profit before interest and tax fell by 3.5 per cent to R84.8m from R36.1m.

At the interim stage when first-half trading profit had fallen to R12.2m from R18m in the corresponding period of 1982 management expected the continuing steel and engineering industries' recession to affect trading performance adversely again.

In the second half of the financial year, however, a programme of cost cutting and stock reductions coupled with the acquisition of a greater stake in private hospitals led to a trading profit improvement.

A total dividend of 37 cents has been declared from earnings of 69.1 cents. In the year to September 30 1982 earnings were 66.2 cents per share

Custom Credit Holdings suffers setback for year

BY LACHLAN DRUMMOND IN SYDNEY

CUSTOM CREDIT Holdings, the finance subsidiary of the National Commercial Banking Corporation of Australia, has reported net earnings of A$28.27m (US$25.8m) for its year to September 30, down by 16.5 per cent on the level achieved in 1981-82 by the operations which now form Custom Credit.

Custom Credit Holdings was formed as from March 31 this year from Commercial and General Acceptances and Custom Credit Corporation, the respective finance subsidiaries of the merged Commercial Banking Company of Sydney and the National Bank of Australasia.

The lower profit from the comparable operations came as gross revenue grew by 8.4 per cent to A$485.8m. It reflected the sharp 18.3 per cent increase in interest charges to A$326.1m.

Custom Credit in the past 12 months has persistently set the rates offered on its public borrowings et levels at odds with its competitors. While this has proved costly in terms of interest outgoings the slack demand for funds during the year also left it with surplus liquidity. This was at times placed at negative rates with a subsequent effect on overall lending margins.

The merger process contributed to this by imposing an inflexibility on its issuing of prospectuses.

However, Custom Credit was able to reduce bad debt write-offs to A$11.4m for the year compared with A$16.9m.

The latest net profit came after a reduction in the tax charge from A$26.6m to A$17.84m, which helped disguise a sharper 24 per cent decline in pre-tax earnings from A$60.5m to A$46.12m.

Singapore Land boosts profit and rental income

BY CHRIS SHERWELL IN SINGAPORE

SINGAPORE LAND, the Singapore-based commercial property development company which operates major office buildings in the city centre, has reported substantially increased profits and rental income for the year ending August 31.

Audited figures released this week show a consolidated net profit after tax of S$25.08m (US$11.8m), compared with S$9.45m the previous year, and a gross rental income of S$73.5m after S$29.9m previously.

Profits before tax and depreciation totalled S$41.78m, one-and-a-half times higher than the previous year's figure of S$16.8m. The directors will recommend e first and final dividend of 10 per cent gross, double last year's figure.

The figures appear surprising in light of the recent softening in Singapore's office property market, which has seen rents decline significantly.

But the results are believed to have been helped by the inclusion this year of income from the Shell Tower building, which is substantially leased. Many overseas banks have offices in the building, which is in the heart of the city's financial district.

Offices in the new 42-storey Chartered Bank building, which is adjacent to the Shell Tower and opens next year, are now up for lease. It is understood that rates are already lower than when space was first offered.

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

JAMES PILDITCH is the most disarmingly modest of men. Over the last five years the company he created in 1959 as a two-man band has grown more than sixfold, in both sales and profits. Via a spate of acquisitions, but also through strong internal growth, it has transformed itself from a 60-person design consultancy, Allied International Designers, into a diversified group in market research, electronics, financial services and design, with a workforce of over 400. Within this expansion, the design practice has doubled in just the last year to 120.

In the midst of this process, and at a time when British financial institutions were still highly sceptical about the investment attractions of design, Pilditch brought AID to the Unlisted Securities Market three years ago—the first design group in the world to go public.

Yet in all that time, Pilditch has retained an urbane, archetypally "English" reticence which is decidedly uncharacteristic of the glamour and brashness in which the worlds of design and marketing so frequently indulge.

Throughout its steep ascent, Pilditch's company—recently re-christened Aidcom International to reflect its broader spread—has reflected his sense of public restraint, declining to adopt the sort of upbeat profile projected by the other publicly quoted "design firms": Habitat/Mothercare (with its consultancy subsidiary, Conran Associates); Fitch and Co; and Michael Peters and Partners, which last week joined the USM to the accompaniment of an exceptionally noisy campaign of self-promotion.

But things could be about to change. For at the age of 54, Pilditch is bowing out. In an announcement on Monday which doubly symbolised Aidcom's coming-of-age as a professionally-managed and (it is to be hoped) stable organisation, he revealed not only that it intends to graduate from the USM to a full Stock Exchange listing by next March, but also that he was stepping down from the chairmanship into the much lower-key role of non-executive director.

Into his place, at the head of a management team which has been largely home-grown or bought in with the nine companies—all but four of them tiny—that Aidcom has acquired since 1980, has moved Pratt Thompson, an ebullient 50-year-old American (he looks at least 15 years younger).

Thompson joined the company two years ago, to run its growing microelectronics business, from his post of chairman of BL International under Sir Michael Edwardes. Among his previous experience was 15 years with AMF, one of the older American conglomerates. So he is used to running a diversified business. Which is just as well, since though Aidcom is nowhere near being a conglomerate, its rapid expansion could easily get out of hand.

James Pilditch (right): handing over to (l to r) Jeremy Fowler, Pratt Thompson and Monty White — Trevor Humphries

A bold design for mastering the dangers of diversity

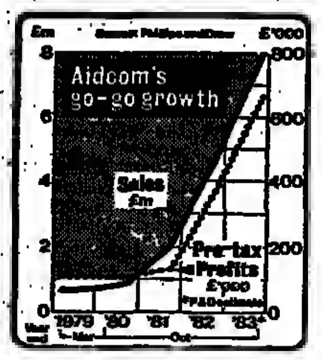
Christopher Lorenz examines the rapid expansion of Aidcom

Pilditch's stepping down—to concentrate, among other things, on chairing the national committee which oversees the education of design and art technicians, though he will continue to play a significant role at Aidcom, on acquisitions and the like—is no sudden decision. Not only has the news been received entirely amicably, but "he has been talking about retiring ever since I joined him 12 years ago," says Monty White, Aidcom's finance director.

"I'm a great believer in regeneration," says Pilditch. "I've always felt it was wrong for design firms to rise and fall with their creators, like most of them do in both Europe and America."

Even when AID was just a design firm, and all the complexities of diversification had not yet arrived, Pilditch was putting considerable emphasis on developing managerial talent, and sustaining its motivation.

As well as hiring several marketing experts in the 1970s from leading management consultancies such as McKinsey and PA, he went out of his way to "professionalise" designers themselves, for instance by getting them directly involved with the marketing and financial aspects of their work.



At the top of AID, he built a strong team—notably White, Kevin McGurk and Bryan Brown, now head of AID—to whose managerial expertise he was perfectly ready to bow. Even a decade ago, when Pilditch owned 90 per cent of the company (he still holds over 10 per cent), he "often allowed himself to be outvoted by the board," says White.

As well as devolving power in this way, Pilditch reinforced staff motivation by introducing a profit-sharing scheme for all employees; some of the recent acquisitions confine their schemes to senior staff, but some harmonisation is likely in the future. Employee involvement in the financial fortunes of the firm has been reinforced by extensive buying of shares since Aidcom went public.

Pilditch, Thompson and White consider this only part of the answer to the City's inevitably insistent query about how Aidcom intends to preserve its most valuable asset—its people. In recent years, especially on the design side, the company has had an unusually good record, but will it continue? The trio replies that there is quite a number of staff on service contracts, especially on the market research side, but that a more significant factor is the company's management style, which Pratt Thompson describes as "letting people get on with it."

Given the mushrooming size of Aidcom's empire, this implies a radical degree of devolution. The old AID's acquisition drive began in August 1980, four months before it went on the USM, when Pilditch achieved a long-standing ambition with the purchase of its first market research company, Business Decisions. Together with the business itself, this brought it the talents of Jeremy Fowler, then only 36, whose star has since done nothing but rise.

Since then the key acquisitions have been MAS Survey Research; DVW Microelectronics, which designed a rugged and highly successful handheld computer; and Cockman, Copeman and Partners (CCP), which specialises in top-level profit-sharing schemes and other financial services. To them have been added start-ups in "qualitative" market research (as opposed to the usual number-crunching) and "concept development," which develops and licenses products on its own account, rather than relying on income from consultancy fees.

Two more small acquisitions were announced on Monday: the first a maker of audio-visual programmes, the second the small computer graphics firm whose work has included the Channel 4 symbol. Negotiations are also well advanced to buy a company which will expand CCP's provision of recruitment advice.

All this activity may seem dangerously reminiscent of the "diversification mania" from which big business has suffered since the late 1960s. But White and Thompson are emphatic that it has been both safe and necessary to build several more legs beneath the company.

All the same, to the three legs that were apparent two years ago—design, market research, and electronics—have since been added a potentially large geographic leg in the U.S., and a fifth one in financial services.

Even if it manages to "buy good management with the acquisitions," as Thompson puts it—and it has not always done that—isn't this too much for a company as young and small as the new Aidcom? And what's the unifying theme?

"Senior services to senior managers," is how Pilditch puts it. "Packaging services that really do add value," says Thompson. But aren't such definitions so broad as to include, say, massage parlours? Pilditch is gently firm to the contrary. "Nor are we going into fish shops," he says with a smile.

In more serious terms, the Aidcom board did develop detailed criteria for future acquisitions a couple of years ago. It will steer clear of advertising, for example, and of various sectors of design. Or will it? After listing the limits, Pratt Thompson can't resist a cheery "but we won't be blind to new opportunities."

Whatever their character, Aidcom is clearly still on the lookout for further acquisitions. It has already erected a meticulous planning and reporting system for its constituent businesses (paying particular attention to monthly cash flows, for example), but so far Monty White says that the board has had "to interfere" only once with what any of the units was doing.

It is with an eye to stimulating yet controlling further growth—both upwards and in breadth—that the board has just created a small central staff to augment White in the steering and supervision of the units. First, at the beginning of this year, he took on a financial controller from Peat Marwick Mitchell, the big accountancy firm. Then, in June, Jeremy Fowler was elevated (over the old AID hands) from the top market research post to become the group's first chief executive. And now Pratt Thompson moves up from the electronics side to spend about half his time as executive chairman.

To some people—both inside and outside Aidcom—this may seem an over-elaborate structure for a relatively small company. But, as James Pilditch says, "we needed a stronger management team. We've now got a suit that's one size too big for us, but we'll grow into it. Companies usually wait until they're creaking before they take this sort of action."

Employee participation

IoD reacts to the Vredeling threat

WHEN it comes to putting its house in order, nothing spurs British industry more than the threat of legislation.

In the 1960s the advertising industry created its own voluntary codes of practice to forestall a Government which was beginning to thunder about poor professional standards.

At about the same time the threat of a statute book to control takeovers and mergers led directly to City self-regulation through the medium of the Takeover Panel. Similarly, the travel industry's own bonding system to protect consumers only came about when the Government started rattling its legislative sabre after the rash of company failures in the 1970s.

Now the Common Market's Fifth Directive on company practices, and in particular the so-called Vredeling proposals on worker participation, is having the same effect. A range of organisations from the Confederation of British Industry to the Industrial Society and the Institute of Personnel Management have rushed into the fray with initiatives of their own and today the Institute of Directors publishes a set of guidelines on employee involvement especially for the boardroom.

It covers existing legislative requirements as well as those requirements which could be enacted in the foreseeable future unless—the IoD says pointedly — "voluntary progress renders them irrelevant."

Compared with the rest of Europe, there are relatively few legal requirements when it comes to employee participation in the UK. What there is is confined to directives about consultation on issues such as redundancies. The most recent UK enactment requires that companies of 250 employees or more publish in their annual report a statement describing the action that has been taken during the year to introduce, maintain or develop employee involvement.

Common Market directives, if implemented in the UK, would take this much further. They would, for example, require companies to disseminate on a regular basis information to employees on investment programmes and rationalisation plans.

The IoD believes that the directives could give employee representatives a right of veto over strategic decisions, the effects of which "could be seriously disruptive."

Along with most other trade and professional bodies the IoD prefers the voluntary approach.

"It is the institute's view that such a highly prescriptive legislation would be unsuitable in the UK and could be counter-productive to genuine attempts to improve employee involvement. To be successful employee involvement requires commitment, flexibility and different systems for different companies. None of these will be achieved by the draft directive."

The IoD guide recommends a wide range of options for effective employee involvement, among them a selection of techniques for better communications and consultation, quality circles and employee incentives such as share ownership, co-ownership and profit sharing.

The IoD suggests a range or combination of methods may be used to achieve the former, among them briefing groups, employee reports/newsletters, regular addresses by top management, public address equipment, closed circuit TV and video, suggestion boxes and notice boards.

It suggests either a formal structure of consultative committees or works councils for the latter. In larger companies a series of committees may be more appropriate, with workplace committees feeding views to plant committees and thence to company-wide committees, it adds.

Employee representatives, says the IoD, should normally be elected by a ballot of all employees, not just trade union members, while consultative committees should be chaired by the highest appropriate level of management, possibly a board member.

Financial participation can be achieved by a range of measures from Save-As-You-Earn (SAYE) schemes linked to options to purchase shares to co-operatives and partnerships.

One specific approach mentioned is the "added value" concept, which integrates profit-sharing with the negotiating of wages and salaries.

Arnold Krandsdorff

Whitbread up 14% as hot summer stimulates trade

THE HOT summer weather in the UK gave a stimulus to trade at Whitbread & Co., brewer, and as a result, group pre-tax profits for the six months to August 27 1983 rose by 13.9 per cent from an adjusted £43.9m to £50m. Turnover was 27.6 per cent higher at £580.6m, against £455.1m.

The directors say the success of the company's new ventures, both in international and retailing markets, give cause for optimism. But despite the boost to trade given by the hot summer, there is still some way to go before the earlier dullness of the UK beer market is overcome.

However, with the group's investment in retailing and its strong brands portfolio, the directors are confident of a satisfactory result for the full year.

Last year, Whitbread made record taxable profits of £81m on turnover of £1bn.

The net interim dividend is raised by some 12 per cent to 1.85p (1.65p). Earnings per 25p share increased from 8.21p to 10.33p basic, or from 7.93p to 10.13p fully diluted.

Comparative results have been restated to recognise changes in accounting policies incorporated in the full year accounts for 1982-83.

At the trading level, profits climbed by £7.1m to £53.4m, before associates' contributions of £3.6m (£2.3m) and net interest payable of £9m (£8.7m). After tax, reduced from £12.4m to £10.5m, net profits were ahead 25.4 per cent at £39.5m (£31.5m).

After adding extraordinary items of £2.6m (deducting £0.6m) and minority credits of £0.2m this time, attributable profits advanced from £30.9m to £42.3m. Ordinary and preference dividends absorb £7.3m (£6.5m).

The directors report that although UK trade in May and June had been disappointing, the heatwave from late June to August gave a much needed stimulus to trade. Lager sales benefited particularly and the company is strongly placed with Heineken, Stella Artois and Kaltenberg Diat Pils showing significant growth.

Despite the good summer the underlying trend in beer sales remains dull, except in the take home sector which continues to grow.

Stowells of Chelsea outperformed the growth in the table wine market as a whole. Spirits sales remain depressed, but the Long John products have held their own in the UK market.

In the U.S., Julius Wile's half-year results exceeded expectations and Scoresby Rare continues to show outstanding growth, despite the overall downward trend in Scotch whisky sales in the U.S.

In Europe, the unusually large wine vintage in 1982 has caused wine prices to fall significantly. While sales volumes have increased, margins have been under pressure. Calvet continues to do well in its export markets, particularly in Japan.

The major part of the company's investment programme continues to be directed towards pubs, in order to improve the facilities offered.

The Beefeater development programme has continued, with 136 outlets now trading. The company has established its "Roast Inns," which are ready for expansion.

The joint venture with Pepsico in Pizza Hut restaurants grows in strength and is expanding rapidly.

Whitbread has increased its investment in country club hotels and disco units, both of which are trading well.

See Lex

De La Rue showing strong headway

A STRONG performance by the Crosfield Electronics offshoot helped profits of De La Rue Company to improve from £10.75m to £14.22m in the half year to September 30, 1983, and the directors reiterate their prediction that the year as a whole will show some improvement over the £31.65m for 1982/83.

A divisional breakdown shows that Crosfield turned round from trading losses of £3.87m to profits of £752,000 on sales of £31.36m (£19.2m) for the first six months while the security division made profits of £9.22m (£9.09m) on turnover of £88.72m (£74.8m).

Exports including sales of overseas group companies rose from £49.99m to £65.15m, whereas group net interest received and surplus arising on central management charges fell from £1.01m to £319,000. This left trading profits at £10.3m (£6.23m), representing 8.6 (6.6) per cent of sales.

Share of profits of associated companies added a further £3.92m (£4.52m) and the tax charge was £4.49m (£3.38m), giving a net surplus of £9.72m against £7.37m. Below the line, minority profits took a further £1.02m (£962,000) and, with preference payments absorbing £6,000 (same), the balance attributable to ordinary holders came through at £8.7m compared with £6.4m.

Earnings per 25p share for the six months are shown to have risen from 15.5p to 22.9p and the net interim dividend is held at 6.6p, costing £2.6m. Last year's final payment was 16.9p.

In their interim report the directors describe the opening period as very much as expected, highlighting the substantial improvement in the performance of Crosfield Electronics and the fact that the security side held its own in international trading conditions which remain extremely difficult.

The pattern of the first half is expected to continue, they say, adding that, notwithstanding the financial demands of new investments, the balance sheet remains strong.

See Lex

Building materials division boosts C H Beazer to £6m

WITH A near £2m contribution from building materials, C. H. Beazer (Holdings) has produced a boost in pre-tax profits from an adjusted £3.86m to £6.11m for the year to the end of June 1983. Turnover expanded from £47.99m to £71.26m.

The present year has started "most satisfactorily" say the directors, and turnover for the first four months has been at a significantly increased level.

The company is in a strong trading position and the directors view the current year with confidence. They expect to be able to recommend further dividend increases in the current year. The final net dividend has been lifted from 5.3p to 6p, raising the total by 1p to 9p.

Earnings per 10p share increased from an adjusted 17.1p to 22.2p, fully taxed.

At the half-way stage pre-tax profits of this property developer and contractor moved up from £1.65m to £2.28m. The directors then expected a satisfactory outcome to the year, and pointed out that building materials were becoming a major group activity, and had made a significant contribution to half-year results.

Commenting on the period under review the directors say that prior to the purchase of Westbrick Products in September 1981 group involvement in building materials was small. Since that date, all subsidiaries in this division have produced outstanding growth in their profit figures.

The directors have confidence in this sector of the industry and subsequent to the year-end a substantial further investment has been made with the acquisition of brickworks in the north-east of England.

The property division had a satisfactory year with substantially increased profit. The pre-tax contribution after allowing for interest and appropriate adjustments was about £285,000, which includes certain contracting profits.

The engineering division experienced adverse trading conditions. However, the plant sales section continues to trade satisfactorily and has again produced increased results, say the directors.

Tax amounted to £2.02m (£430,000 adjusted). There were extraordinary credits this time of £51,000 (debits £68,000).

● comment

Good results from Beazer had been widely expected, so its 58 per cent increase in pre-tax profits left the shares unchanged at 286p. The figures include two months' trading from Second City, the acquisition of which is in line with Beazer's strategy to establish itself as a major national housebuilder. Completions should rise from last year's 1,000 units to around 3,500 by 1985 and housebuilding already accounts for the bulk of the property division's £3.4m profit. Building materials, which accounts for £2m of the profits total, is also expanding with the purchase since the year end of three brickworks for £3m. Meanwhile, Beazer's building contractors are being squeezed by the construction majors which are increasingly seeking smaller projects due to a shortage of larger scale work. However, the arrival of Second City puts Beazer in a more competitive position on that front. Borrowings are just over 50 per cent of shareholders' funds but Beazer is still eager for acquisitions in housebuilding and building materials. A full year's contribution from Second City should see the group make at least £9m pre-tax next time, which puts the shares on a prospective fully taxed multiple of 11.

Better trend at Porter Chadburn

PRE-TAX losses of Porter Chadburn were cut from £231,000 to £178,000 in the six months to July 8, 1983, and this manufacturer of brewery and marine engineering equipment is forecasting a break-even second half. This would leave the interim deficit to stand against the £545,460 loss incurred for the last full year.

At halftime, turnover showed a fall from £6.97m to £6.31m and the company was £29,000 (£39,000) in the red at the trading level. The result before tax of £1,000 (same) was struck after interest of £136,000 (£124,500) and exceptional charges of £13,000 (£67,000).

The directors report that turnover of discontinued products has been excluded for the current 12 months and losses of termination of those activities have been charged against the provision made in the last published accounts.

Exceptional expenses represent redundancy and associated costs relating to activities other than those connected with discontinued products.

There is again no interim dividend. For the last two years single payments of 0.35p net have been made as finals.

● comment

Mr Harry Kay, chief executive of Porter Chadburn, occasionally gets together with Mr Ian Wasserman. But he is probably none the wiser for his efforts towards establishing why. Mr Wasserman's G. M. Firth spent over £¾m this year accumulating a 25.3 per cent stake. Firth associates hold a further 3.9 per cent. Porter Chadburn is painfully dragging itself towards a profit but it still has its fair share of problems. The upturn, which underpins the directors' forecast of break even in the second half, is only really evident in the general engineering business after some drastic surgery. The food and drink and plastics orientated operations will still be losing money as the group enters 1984. New products and new customers are seen as their salvation but the path towards a profit that could justify a return to 6p a share dividend looks long indeed. Presumably Mr Wasserman thinks the recovery potential is there, though the market can only guess as to how he intends to capitalise on that. The shares shed 5p to 71p yesterday, about 10p above what G. M. Firth paid.

Steel recovery aids F. H. Lloyd

A SHARP swing back into the black by its steel activities enabled F. H. Lloyd Holdings to raise its pre-tax profits from £33,000 to £406,000 for the 26 weeks to October 1 1983.

The results were also helped by a £243,000 drop in interest charges to £279,000 although exceptional debits rose from £107,000 to £175,000.

There is again no interim dividend—the directors will review the position when the full-year results are available. Last year the group paid a final of 1p net per 25p share.

Turnover for the opening half was little changed at £32.13m, compared with £32.46m previously.

A divisional breakdown of operating profits (£860,000, against £662,000) shows: foundries £202,000 (£442,000), steel £193,000 (£260,000 loss) and engineering, services and international £465,000 (£480,000).

Earnings for the half year totalled 1.5p (0.1p loss) per share after taking account of minorities of £55,000 (£56,000).

The interim report reveals steel foundry industry capacity was usefully reduced by closures under the recent scheme, but that it continues to exceed present and foreseeable demand. Prices have eroded further.

Steel manufacture remains a difficult market, but pockets of demand give F. H. Lloyd mills an acceptable level of activity.

In engineering, there is still little evidence of any general upturn—the exceptional debit reflects a cut in the workforce at M. and W. Grazebrook because of weak demand for pressure vessels.

Market uncertainties and severe competition persist.

● comment

The sharp jump in interim profits from F. H. Lloyd clearly impressed some of the City's sceptics, as the shares jumped 3p to 30p. However, longer term shareholders could point out with some feeling that over the last year Lloyd's shares have underperformed even its own depressed sector. The sharp drop in turnover from foundries is a direct consequence of the Lazard scheme, but as the fall in profits from that source indicates, life for the industry's survivors is still no bed of roses. Nevertheless both FHL's remaining foundries are profitable, and further cutbacks in capacity are not considered. FHL takes quite a different attitude to its still business, where, despite a turnround into operating profits, it feels that it must take steps to reduce its exposure. FHL's greatly reduced interest bill is not just the consequence of Government aid; the company itself has become more efficient at generating cash. With capital gearing below 20 per cent, FHL could spend a few millions on acquisitions without crucifying the balance sheet. Eventually FHL is likely to acquire the 60 per cent of Lee Beecly it does not already own, but synergy permitting, the company is open minded about which sector its next buy should come from. The continued omission of an interim payout suggests that caution is still the catchword, but an increase in the final now seems more than likely.

New car plate lifts Hartwells

THE BONANZA in August new car registrations has boosted the profits of the Hartwells Group which is engaged in motor dealing and beeting servicing. For the six months ended August 31 its pre-tax figure has shot up from £1.65m to £2.22m, from sales nearly £17m higher at £107.82m.

Mr F. S. Huggins, the chairman, is expecting record results for the full year to February 29, 1984. He is raising the interim dividend from 1.4p to 1.6p net per share and hopes to pay an increased total for the year as a whole. The total for 1982-83 was 4.4p paid from pre-tax profits of £3.17m.

The chairman says that 36.1 per cent of total new vehicle sales for the half year came in August. Results in the heavy commercial vehicle market have been disappointing because of extreme competition, and there does not appear to be any sign of an early improvement. The agricultural business has made steady progress.

Looking to the second half the chairman says it is probable that new vehicle registrations will be lower than in the six months leading up to August. However, increased oil sales will, weather permitting, offset to some extent any reduction in vehicle sales during the winter period.

In the first half tax took £1.16m (£857,000) to leave the net profit at £1.07m (£792,000). Earnings are given as 12.4p (9.2p) before tax and 6p (4.4p) after.

● comment

With new car sales roaring ahead the casual observer might assume that motor distributors as a whole should be enjoying some exceedingly good profits. But new car sales are no longer the be all and end all of the sector's profits performance, for the price war has hammered profit margins into the ground for some dealers. Those that were whining that people were not buying enough are now whining that people are not paying enough. If anything this year has sorted out the men from the boys. Hartwells has the bearing of an adult. On the basis of these figures the group might come close to £4m for the full year. So the prospective p/e fully taxed drops to around 8 at 87p which, on the face of it, looks on the low side. Yet the whole sector is short of fans. The main worry is that car sales will fall away in 1984 and, of course, the margins war is yet to be resolved. Ford may have called a truce but it is uncertain whether others will follow suit or Ford will have to join battle again.

Rush & Tompkins ahead midterm

DESPITE A near £600,000 increase in interest charges and central expenses, the Rush and Tompkins Group of builders and property investors has lifted its pre-tax profit from £982,000 to £1.14m in the first half of 1983.

And current overall trading indicates that results for the full year will be at "a satisfactory level." In 1982 the profit was £2.31m and a dividend total of 6p was paid—in this current year the directors are lifting the interim from 1.65p to 2p net to reduce disparity.

In the half year turnover fell from £42.16m to £39.02m. Net rents totalled £1.09m (£912,000) and the trading profit came to £1.72m (£1.15m). Interest and central expenses were £1.67m (£1.08m).

The directors report that the effects of reorganisation within the UK construction division continue to be felt, especially in the Scottish region where there is a "marked improvement" over last year. Integration of the construction and civil engineering activities has been completed and full benefits should be seen in 1984.

In the UK construction market, the company continues to maintain and in certain areas increase its market penetration. However, this expansion will not be at the expense of buying uneconomic turnover.

The continuing development activity has been funded from group resources. Benefits will be felt either at the time of the sale of completed and fully let developments, by way of higher sales proceeds or by an increased rent roll within the company's investment portfolio.

In this respect, the shop development at Walthamstow was fully let and subsequently sold for £1m. Further sales of smaller developments were also made, particularly in the industrial sector.

Development activities in America are making good progress. The year started with small participations in six developments on the West Coast; 83 per cent has been sold or let with the balance being in two developments not due for completion until 1984. Aggregate profit is expected to be not less than 50 per cent.

In overseas construction, the division was awarded a contract to build a dam and river diversions in Ethiopia, funded by the European Development Fund for an amount of £14m.

The company is continuing to win work in the Caribbean area and Singapore. Because of the extended negotiations for the Ethiopia contract and consequent delay, overseas turnover will be somewhat down on 1982. However, as a result of several contracts awarded in recent weeks, the division will enter 1984 with a satisfactory work load which will provide a base for further planned expansion in 1985.

Discount houses

Good profits were earned by discount house Cater Allen Holdings during the six months to October 31 1983, while King & Shaxson, in the same line of business, results over the same accounting period were described as "satisfactory."

At Cater Allen the interim dividend is being stepped up from 7p to 8p net per £1 share. The results were "encouraging, but not as exceptionally good as in the comparable period in 1982."

The introduction of a high interest current account in May proved to be a successful innovation and the company is continuing to broaden its deposit base.

The directors say overhead costs have fallen and will continue to decline over the second six months. They are hopeful that the second half will also produce "good" profits.

King & Shaxson is holding its net interim dividend at 2.5p per 20p share—a final of 5p was paid for 1982-83.

Usher-Walker £33,000 ahead at six months

First half 1983 pre-tax profits of Usher-Walker rose by £33,000 to £387,000 and the directors of this manufacturer of printing inks and rollers predict that the full year result will not be less than last year's £675,288.

Turnover for the half year moved up from £4.35m to £4.6m. Trading conditions remain difficult however, and the directors caution that margins will be hard to maintain in the second half.

The net interim dividend is raised from 1.5p to 1.65p per 10p share and a total of 5.5p (5p) is forecast for the year.

Mid-term tax charge was £10,000 lower at £185,000 and the net attributable balance, after preference dividends, came out ahead from £157,000 to £200,000.

L & P Shop rises sharply and lifts payout by 25%

FOR THE year to June 24 London & Provincial Shop Centres (Holdings) pushed its pre-tax profits up to £1.41m, an increase of just over 52 per cent over the previous year on a comparable basis—all comparisons have been restated.

Last year's figures were struck before adding £147,000 from the capitalisation of overheads.

A final dividend of 2.25p lifts the total from an adjusted 2.4p to 3p net per 10p share, an increase of 25 per cent.

Gross rental income moved ahead to £3.47m (£3.19m). Tax accounted for £189,000 and was materially reduced by capital allowances and relief for capitalised interest following a change of accounting policy.

Earnings improved to 7.54p (4.73p) per share, but net assets dropped from 396p to 373p.

Gross interest attributable to development and trading properties of £1.08m (£701,000, including £147,000 overheads) has been added to the cost of properties—as stated in the interim report the group has ceased capitalising overheads for the time being.

At year-end the group's investment properties were revalued at £74m (£79.5m), development properties at £5.9m (£2.7m restated) and trading properties at £7m (£3.9m).

Annual rental income will increase by £330,000 progressively over the next five years from rent reviews, based on current rental values. The directors say these figures do not include any contribution to rental income from development properties.

At year end group borrowings were £24m (£19.2m).

Aspinalls offer oversubscribed

The offer for sale of 7.8m shares in Knightsbridge-based casino Aspinall's closed yesterday morning, and is believed to have been heavily oversubscribed. No one involved in the issue was last night prepared to guess at the level of oversubscription. An announcement containing these details and the basis of allotment is expected later today.

Allnatt London

Pre-tax profits of Allnatt London Properties increased from £4.14m to £4.92m for the half year to September 30 1983. Net rents and other income, less property expenses, rose to £5.65m, against £5.06m.

The net interim dividend is maintained at 1p per 25p share—last year a total of 6.2p was paid on taxable profits of £9.47m.

First half taxable figures were struck after lower interest payable of £639,900 (£646,500) and administration expenses of £89,400 (£114,300). Last time, there was also a depreciation and amortisation charge of £166,000.

Tax was up from £1.99m to £2.36m giving net profits of £2.56m, compared with £2.15m.

Staffs. Potteries

Sales of Staffordshire Potteries (Holdings) had risen by over 20 per cent in the first four months of the current year, while profitability had also increased substantially, Mr Bill Bowers, the chairman, told the annual meeting.

He added that the board was very encouraged by the company's current trading performance.

For the year ended June 30 1983, the company returned a pre-tax profit of £117,000, as against a £980,000 loss previously on turnover up from £16.9m to £18.41m.

The chairman reported further progress towards a reduction in borrowings since the beginning of the current year.

Yearlings down ⅛%

The interest rate for this week's issue of local authority bonds is 9$\frac{11}{16}$ per cent, down ⅛ of a percentage point from last week and compares with 8¾ per cent a year ago. The bonds are issued at par and are redeemable on November 14 1984.

A full list of issues will be published in tomorrow's edition.

Brooke Bond Group's perpetual motion

SHAREHOLDERS at Brooke Bond Group's annual meeting on December 8 will again have to deal with the company's hoary chestnut — conditions which prevail in the Third World.

For the sixth successive year, a motion has been tabled referring to wages and conditions of employees on the group's tea estates in Africa and India. As in previous years, the directors are recommending shareholders to vote against the resolution.

The resolution asks the directors to prepare a report, like the documents prepared by the company in 1979 and 1980, and that it should be available to all shareholders on request. Apart from wages and conditions, the motion wants the report to include details of conditions in health and housing of plantation employees.

In the directors' report accompanying the group's annual statement it is stated that reports were made available in 1979 and 1980 — both dealt solely with India.

They say the reports were made available "in the hope that they would contribute towards providing background information for those who sought, sincerely, to make an evaluation of conditions in the local context. To do this fully would require other information about the local economy and local conditions outside the tea industry.

"We were always aware of the severe limitations of the statistics we provided, and when certain vocal minorities chose to make selective mis-use of them, we decided not to provide further similar reports.

"Our Indian companies and our Kenyan company are local national companies with other shareholders than the Brooke Bond Group. We have every confidence in the boards of these companies, and we do not interfere in their operational management."

The directors point out that a document, Brooke Bond and the Third World, has been prepared, and this explains how wage levels are agreed in India and Africa. They believe it gives the shareholders a broader understanding of the situation.

As reported on October 19 1983, the group achieved pre-tax profits up from £35.3m to £48.2m in the year to June 30. The balance sheet shows a slight fall from £272.6m to £269.3m in shareholders' funds.

Fixed assets were £194m against £195.9m; current assets were higher at £359.6m (£348.2m) and this included cash at bank and in hand of £16.1m (£24.7m). Net current assets were £196.2m against £181.2m.

The accounts show that the highest paid director received £75,003 compared with £65,989. A payment of £67,000 was made to a former director.

At the year-end, the group's employees totalled 63,470 worldwide compared with 67,934 in the previous 12-month period.

Meeting: Connaught Rooms, Great Queen Street, WC, December 8, at 2.30 pm.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Ambrose Invest.	int.	3	—	3	—	7.8
Allnatt London	int.	1	Jan 3	1	—	6.2
C. H. Beazer		6	Jan 4	5.3	9	8
Bradford Property	int.	2.8	—	2.3	—	5.5
Cater Allen	int.	8	Jan 5	7	—	26.95
Cont. & Ind Trust	int.	6	—	4	—	14.3
De La Rue	int.	6.6	Jan 3	6.6	—	23.5
Hartwells Group	int.	1.6	Jan 31	1.4	—	4.4
King and Shaxson	int.	2.5	Dec 15	2.5	—	7.5
L & P Shop		2.25	—	1.8*	3	2.4*
New Throgmorton	int.	1	Jan 17	1	—	2
N. British Props.		Nil	—	2	1.1	3.1
Rush & Tompkins	int.	2	Jan 9	1.65	—	6
Usher-Walker	int.	1.65	Dec 9	1.5	—§	5
Whitbread and Co.	int.	1.85	Jan 6	1.65	—	5.4
Yarrow		7.5	Jan 13	6.5	10	9

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Total of 5.5p forecast.

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Over-the-Counter Market

1982-83 High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
142	120	Ass. Brit. Ind. Ord.	125	—	6.4	5.1	7.3	10.2
158	117	Ass. Brit. Ind. CULS	133	—	10.0	7.5	—	—
77	57	Airsprung Group	77	—	6.1	7.9	22.0	22.0
46	21	Armitage & Rhodes	28	—	—	—	—	—
242	99½	Bardon Hill	237	—	7.2	3.0	9.7	18.7
151	100	CCL 11pc Conv. Pref.	136	—	15.7	11.5	—	—
270	150	Cindico Group	150	—	17.6	11.7	—	—
88	45	Deborah Services	54	−2	6.0	11.1	—	—
162	77	Frank Horsell	162	+2	—	—	8.8	11.1
156	75½	Frank Horsell Pr Ord 87	156	+2	8.7	5.5	8.6	10.8
83	46	Frederick Parker	46	—	7.1	15.4	2.9	4.8
56	32	George Blair	32	—	—	—	—	—
100	54	Ind. Precision Castings	54	—	7.3	13.5	16.0	18.6
205	100	Isis Conv. Pref.	205	—	17.1	8.3	—	—
114	47	Jackson Group	107	+1	4.5	4.2	5.8	10.9
237	111	James Burrough	208	—	11.4	5.5	11.4	11.7
280	132	Robert Jenkins	132	—	20.0	15.1	16.3	10.3
83	54	Scruttons "A"	67	—	5.7	8.5	11.1	8.1
187	84	Torday & Carlisle	84	—	2.9	3.5	—	—
28	18	Unilock Holdings	18	—	1.0	5.5	11.8	17.1
90	54	Walter Alexander	90	—	6.8	7.6	7.8	10.5
276	214	W. S. Yeates	254	−1	17.1	6.7	3.8	8.1

Licensed Dealer in Securities.

COMPANY NEWS BIDS AND DEALS

Investment gains bolster Yarrow

DESPITE LOSSES at the trading level at Yarrow, pre-tax profits of £1.26m against £806,000 have been shown for the year to the end of June 1983 after investment income and sales. Turnover of this engineering consultancy and transaction process engineer, slipped to £21.2m compared with £21.86m.

At the trading level losses grew from £115,000 to £593,000. However these were offset by investment income and interest of £997,000 (£1.13m) and investment sales profits of £1.22m (£195,000). Pre-tax profits were struck after group central costs of £364,000 (£399,000).

The final dividend has been lifted by 1p to 7.5p, raising the total from 9p to 10p. Earnings per 50p share are shown as rising from 20.8p to 23.18p.

The directors say that trading results were seriously affected by unsatisfactory performance from Automatic Revenue Controls and actions have been taken to remedy the situation. At the halfway stage the directors warned that further losses would be made.

The considerable loss incurred by this company has more than outweighed good results by YARD and Control Systems. Investment in development projects has continued and expenditure during the year amounted to over £1m, all of which has been written off against annual trading profits.

This investment in the future is regarded as essential to enable the operating subsidiaries to maintain competitive positions.

Further group expansion can be achieved through the formation of new partnerships or acquisitions in this country and overseas, say the directors.

As already reported, the European Commission of Human Rights has declared admissible the company's application relating to the compensation received for the share capital of Yarrow (Shipbuilders).

Until the Commission's report is made public all proceedings of the Commission and communications between the parties must remain confidential. The matter may ultimately be referred to the European Court of Human Rights.

The Government has indicated its commitment to denationalise naval ship building. The directors would give serious and positive consideration to any realistic proposal for the return of Yarrow (Shipbuilders) to the Yarrow group.

Until the proposals for privatisation are known and these matters are clarified, the directors say it is impossible to express a firm view.

After tax of £242,000 (£30,000 credit) and minorities, attributable profits emerged at £1m (£832,000).

On a current cost basis pre-tax profits came to £677,000 (£72,000).

● comment

Yarrow's R&D spending is running at the same high levels as last year, but there seems little in these figures to show for it. The more than five-fold increase in trading losses comes entirely from ARC, which lost £1.5m due to unrealistic pricing on one contract by the subsidiary's former owner and costly delays on a motorway toll project in Thailand. Yarrow has realised that ARC's traditional business cannot compete overseas and has practically no market at home, so it has cut the workforce by half and is shifting its attention to new products. Control Systems turned in a healthy £500,000, mainly thanks to increased demand for its microprocessor-controlled bus ticket machines — a product for which the group has great hopes in the U.S. in the current year. Profits at YARD were steady at around £400,000 and the group expects a modest increase in MoD work this time. Income from the disputed compensation payment and gilt profits again lifted the pre-tax line into the black. Meanwhile, the shares jumped 10p to 325p, perhaps influenced by the increased dividend and prospects for a favourable decision on compensation from Strasbourg. Loss elimination at ARC and better volumes elsewhere could bring 1984 pre-tax profits to £1.7m, putting the shares on a fully taxed multiple of nearly 16.

Michael Page places 25% of equity on USM

The Michael Page Partnership, a consultancy group specialising in executive selection and recruitment in the accountancy and finance, is coming to the Unlisted Securities Market by way of a placing of 1,455,000 shares at 90p each.

These shares, representing almost 25 per cent of the equity, have been placed by brokers Phillips and Drew.

Of the placing, 865,000 shares have been sold by existing shareholders, and 590,000 are being issued by the company to raise about £410,000 after expenses. At the placing price MP is capitalised at £5,265,000.

The company, which was founded in 1976 by Michael Page, the chairman, and William McGregor, the managing director, operates principally from London and four regional offices in the UK.

The directors believe that the group is one of the largest selection and recruitment consultancies in its field in the UK, but that it currently has less than 10 per cent of that market.

The company makes a forecast in the prospectus that it will make a pre-tax profit of not less than £515,000 for 1983, compared with last year's £218,000. The prospective p/e at the placing price is 19.45, and the prospective gross dividend yield is 2.22 per cent.

Dealings in the shares on the USM are expected to start on November 14.

Shaw & Marvin optimistic

CONTRARY to expectations at midway by Shaw and Marvin that interim losses of £211,335 would be substantially reduced at the year end, pre-tax losses have climbed sharply from £85,000 to £345,000 for the year to the end of March 1983.

Action taken by the directors during the last few months is beginning to show results they say. The position has improved considerably since the year end and a surplus of more than £240,000 is likely to be produced from the closure and proposed liquidation of Shaw and Marvin (Dyers).

The directors say that the group is no longer involved in dyeing and mercerising and textile interests are now confined to two knitwear businesses.

To strengthen the balance sheet a rights issue may be made. The company previously raised £247,000 by way of rights in March 1982.

The company plans to acquire the property and leisure interests of its new chief executive, Mr David Scott, for about £540,000, three times its current market capitalisation.

Terms of the acquisition are still being negotiated, Mr Stuart Pearson, Shaw & Marvin, chairman said. Mr Pearson's property interests may also be brought into the group later.

It is proposed to change the name of the company to James Ferguson (Holdings) at the AGM.

Turnover slipped from £1.63m to £1.38m.

Pre-tax losses were struck after exceptional debits relating to a loss of £16,000 on quoted investments and to the purchase of £29,000 of yarn to replace that destroyed by fire.

Extraordinary debits climbed from £33,000 to £407,000. Losses per 10p share increased from 4.22p to 9.2p.

North British Props.

PRE-TAX profits of North British Properties, which is subject to an agreed offer from Sun Life Assurance Society, advanced from £613,000 to £768,000 in the year to July 31, 1983.

Rental income from investment properties rose from £1.9m to £2.79m, while property outgoings totalled £148,000 (£95,000).

The pre-tax result included a £215,000 (£344,000) net profit on property sales, £39,000 (nil) profits recognised on developments for sale in progress and a £141,000 (£114,000) share of associates. It was after administration expenses of £776,000 (£783,000) and interest of £1.49m (£984,000).

Tax took £232,000 (£176,000) for earnings of 3.87p (3.35p) per share and the final dividend has been omitted. This leaves the interim payment of 1.1p net to stand against last year's total of 3.1p.

Sales of investment properties realised £467,000 (£876,000), which represent a realised capital surplus of £212,000 (£513,000) and realised capital earnings of 1.53p (3.93p) per share.

Net assets per share of the year end were 220.8p (211p) basic and 210.7p (202.3p) fully diluted.

Independent revaluation of the property portfolio carried out by Bernard Thorpe and Partners, as at September 30 showed a further increase in the value of the investment portfolio to £40.94m.

Net assets per share adjusted to reflect property revaluations were 226p basic and 215.2p fully diluted.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims:— Chubb, Churchbury Estates, Electra Investment Trust, External Investment Trust, Feedex Agricultural Industries, Fidelity, Future, Great Portland Estates, Hill Samuel, Linread, J. Sainsbury, Seccombe Marshall and Campion, H. C. Slingsby, Witan Investment.

Finals:— Bellway, Jessups, Smiths Industries, "W" Ribbons, Wemyss Investment Trust.

FUTURE DATES

Interims:—	
Ansbacher (Henry)	Nov 10
Black Arrow	Nov 18
Brown Shipley	Nov 17
Carless Capel and Leonard	Dec 6
Charter Consolidated	Nov 29
Courtaulds	Nov 29
Regalian Properties	Nov 21
Slaters Food Products	Nov 11
TR Property Investment Trust	Nov 22
Finals:—	
Anglo Scottish Investment Tst.	Nov 10
Aronson	Nov 10
New Cavendish Estates	Nov 10
Wolverhampton and Dudley Br.	Dec 7

Allianz set to top BAT's record bid for Eagle Star

BY ERIC SHORT

Allianz Versicherung, West Germany's largest insurance group, seems poised to top the record £796m bid for Eagle Star Holdings made last week by BAT Industries.

A statement issued yesterday by Allianz's advisers, Morgan Grenfell, says it notes with interest that the board of Eagle Star considers the 575p a share cash offer from BAT to place a fair and reasonable value on its equity.

Allianz made a 500p a share cash offer for Eagle Star more than a fortnight ago, having brought its stake in Eagle Star up to 29.99 per cent. But at the time, Allianz made it clear that its objective was to increase its stake to about 40 per cent, a move that it considered would have given it effective control.

Yesterday's statement from Allianz says that the company is now giving serious consideration to increasing its offer for Eagle Star, thus making a genuine full bid for the group and abandoning its intention of control through cross holdings—a common practice in West Germany.

The indications are that Allianz would expect Eagle Star's board to back an offer above 575p.

But before Allianz makes its move, it wants to be sure that its bid will not be referred to the Monopolies and Mergers Commission and that the Department of Trade and Industry has given all the necessary consents, including approval of change in ownership of Eagle Star required under the 1982 Insurance Companies Act.

The Office of Fair Trading submitted its report on both bids last Friday to Mr Norman Tebbit, Secretary of State for Trade and Industry. His decision is expected by this Friday.

However, since the OFT submitted its report within two days of the BAT bid being announced, the implications are that neither bid will be referred.

The DTI insurance division also expects its decision on change of ownership to be given at the same time and there do not appear to be reasons for withholding consent.

Allianz has asked for detailed information on Eagle Star's business and prospects in accordance with Rule 12 of the City Code on Takeovers and Mergers. Eagle Star is providing this information as quickly as possible but it could take a few days. Allianz does not expect to make up its mind until it has this information.

BAT's chairman, Mr Pat Sheehy, is out of the country, but the company stated that it is studying Allianz's statement and will make a response if appropriate.

Fraser gets voting restriction

BY CHARLES BATCHELOR

znow is the time for a vbavbvb House of Fraser, the Harrods store group, has obtained an interim order restricting voting rights on a further 10,000 shares held by a nominee company.

The Edinburgh court of session yesterday issued an order restricting voting and dividend rights on 10,000 shares held by R and P Nominees on behalf of Mondalee, a Hong Kong-registered company.

In October 1982 the company obtained a similar order preventing 2m shares in Fraser, representing 1.3 per cent of the equity, registered in the name of Max Morel (Nominees) from being used to vote on resolutions proposed by Lonrho calling for the demerger of Harrods. The ban on the Morel holdings is still in force.

The orders were based on the failure of the companies involved to disclose the beneficial owner of the shares as required by section 74 of the Companies Act 1981.

Mondalee has 14 days to provide the information required by the court if it wishes to avoid a continuation of the order.

As part of its efforts to discover the identity of the holders of its shares Fraser provided information to the Department of Trade alleging that mystery shareholdings were being built up to help Lonrho in its plans to acquire more influence and force the hiving off of Harrods, Fraser's Knightsbridge flagship.

In August the department appointed an inspector to investigate the Fraser shareholdings.

Three other shareholdings registered in the name of R and P Nominees around the same time but under separate account numbers are not affected by yesterday's court order.

Milbury bid approved

BY DAVID DODWELL

SHAREHOLDERS of Milbury, the housebuilding company controlled by Mr Jim Raper's St Piran group, yesterday approved the cash or shares bid for Westminster Property Group worth £9.85m.

The bid was announced two months ago when Mr Raper made peace with the city establishment after a four year excommunication due to the way he took control of St Piran.

After winning shareholder approval for the deal, Milbury announced the offer was unconditional. It has won acceptances amounting to 89.37 per cent of Westminster's shares.

Milbury had offered 35½p per Westminster share, or nine of its own shares for every four Westminster. After persistent calls for Westminster shareholders to accept the share alternative, Milbury revealed yesterday that 63 per cent of acceptances had been for shares rather than cash.

This outcome will provide earnestly needed relief to the heavily-borrowed Milbury, which faced the prospect of borrowings rising to 180 per cent of net assets, if all Westminster shareholders went for cash.

Before the bid, gearing stood at 170 per cent—with borrowings of £21m set against assets worth £12m. A company spokesman said yesterday that gearing had fallen to 130 per cent because the majority of Westminster shareholders had opted for shares rather than cash.

At the time the stock exchange approved the Milbury bid, plans were laid for the relisting of Milbury shares. In addition, the stock exchange called on St Piran to reduce its stake in Milbury to 75 per cent.

At the time of yesterday's extraordinary shareholder meeting, St Piran and associates were beneficial owners of 88.3 per cent of Milbury's shares. A spokesman said that plans for a placing of Milbury shares were under way, and would be complete by November 14, the deadline set by the Stock Exchange. The placing is being organised by St Piran's merchant banker, Henry Ansbacher, and its stockbroker, Foster and Braithwaite.

At the end of trading on the stock market yesterday, Milbury shares had slipped by 7p to 78p. Westminster shares were unchanged at 32p.

Virani pays £5m for 34 BR properties

By Charles Batchelor

Virani Group, the privately-owned hotel company, has bought 34 British Rail properties for nearly £5m in advance of the auction scheduled for November 17.

The mixture of freehold office, retail, commercial and residential properties and vacant sites produces an annual rental income of £337,570.

The properties are mostly in the London area including sites in Acton, Ealing, Harrow and Walthamstow. Virani, whose chairman is Mr Nazmu Virani, a Ugandan Asian, did the deal jointly with a Middle Eastern associate Mr Ishaq Yacoob.

Agents for the British Rail Property Board were Pepper, Angliss & Yarwood.

In February this year, Virani bought eight of the 27 British Transport hotels which were up for sale, paying £4.6m. This was the largest single group of hotels sold by BR.

Virani recently acquired the Penwith Leisure Park at Penzance, Cornwall, from a German private company for more than £1m.

It has also acquired the 97-room Berkeley Hotel in Worthing from M. F. North, which is owned by Peter and Frederick Barclay, for an undisclosed sum. The hotel also has 18 self-contained suites.

Grand Met in holiday buy

Grand Metropolitan has bought tour operator Travelscene for an undisclosed sum. The move, which was revealed at the annual convention of the Association of British Travel Agents' convention in Palma, Majorca yesterday, gives Grand Met control of the biggest single operator in the overseas short holidays market.

Travelscene will this year carry a little over 100,000 Britons on short holidays mainly to nearby continental destinations such as the Benelux countries and France. The company is particularly strong in bulb field tours to the Netherlands.

Grand Met recently reorganised its leisure activities under the Grand Met Leisure label and declared its intention of making purchases in the travel industry. This acquisition, which gives Grand Met 100 per cent ownership, takes the group a long way into tour operating but does not bring it into direct competition with industry giants such as Thomson, Intasun and Horizon.

Aitken Hume

Aitken Hume (Holdings) through its wholly owned subsidiary Investment Intelligence and Aitken Hume Funds (Management) has acquired 500,000 shares (5.8 per cent) in NMC Investments. Beneficial owner is Aitkan Hume Secure Income Fund.

IN BRIEF

Argus Press Holdings, the main printing and publishing arm of BET Group, yesterday announced a further expansion of its U.S. interests with the purchase of Cardiff Publishing Company for $7.3m (£4.9m) cash from Cardiff Communications of Denver, Colorado.

Cardiff publishes business magazines, annuals and show dailies on communications, computers and cable television. It also organises exhibitions and conferences in these areas.

Its turnover of $7m will increase total Argus Press turnover in the U.S. to $45m in 1984. The U.S. has been designated a major growth area by BET.

In March 1982 Argus bought three specialist publishers—Syndicate Magazines, St Regis Publications and Larchmont Enterprises—all of New York and with a combined turnover of $25m.

Mr Tim Gold Blyth, chairman of Argus Press, will become chairman of Cardiff Publishing while Mr Robert A. Searle will continue as Cardiff's president and chief operating officer. Mr Searle will join the board of Argus Press Holdings Inc.

* * *

Associated Book Publishers has acquired A. H. and A. W. Reed, of Wellington, New Zealand, for a total cash consideration of NZ$1.2m (£0.53m).

Reed, a publishing house, reported profits before tax and extraordinary items of NZ$183,000 for the year to March 31, 1983, and net assets at that date were NZ$1.2m.

* * *

Acceptances of the Ellerman Lines preference offers by Shirespell have been received in respect of £399,151 nominal of the 4½ per cent preference stock (99.8 per cent), £479,080 nominal of the 5½ per cent preference stock (99.8 per cent), and £499,239 nominal of the 6½ per cent preference stock (99.8 per cent).

Preference offers are now unconditional as to acceptances, but remain conditional on the contract from the sale of the equity share capital being completed.

Shirespell intends to exercise its rights to acquire compulsorily any outstanding preference stocks.

Preference offers have been extended until November 15.

* * *

Francis Industries and McLeod Russel have agreed between their respective subsidiaries, F. Francis and Sons and DKS for DKS to sell plant and machinery used in the manufacture of tin containers and drums at Birkenhead to F. Francis.

The consideration consists of £270,000 of which £45,000 has been paid by way of deposit. The balance will be paid by five bills of exchange for £45,000 each. There will also be a variable commission paid quarterly over 18 months from February 1984 which is expected to amount to a maximum of £150,000.

F. Francis and Sons will also buy the working stocks of the Birkenhead factory in an effort to continue the supplies to customers of DKS during the transitional period.

F. Francis and Sons will re-site the equipment in existing factories with resultant expansion.

DKS will continue to manufacture and sell tin containers from its Bootle site. The operation which DKS will discontinue had a turnover of £4.5m for the year to the end of March 1983.

* * *

Sandhurst Marketing has acquired General Trade Equipment of London, which produces and publishes a mail order catalogue every two months covering all kinds of industrial equipment.

* * *

Henara, a recently-formed holding company with interests in hair and skin care products, and which will be offering for sale later this month not less than 20 per cent of its share capital, intends to bid for Dixor-Strand, which manufactures nearly all the products used by Henara'a principal operating subsidiary, Henna (Hair Health).

The listing of Dixor shares was suspended in September pending discussions between Dixor and Henna. Application will be made for the share capital of Henara to be admitted to the Official List.

Mr Sydney Lerner, Dixor's chief executive and who holds an 80 per cent interest in the company, has given an irrevocable undertaking to accept the offer.

* * *

The merger between Dalgety and British Soya Products is not to be referred to the Monopolies and Mergers Commission.

* * *

Rentokil GMBH has bought Indisco Gesellschaft fur Hygienisch-Technische Dienste and Co., in Dusseldorf for DM 8.76m (£2.2m) cash.

Indisco is one of the largest companies in Germany, providing similar hygiene services to those provided by Rentokil.

* * *

Portsmouth and Sunderland Newspapers has completed the acquisition of Jesse Ward Investments for £2.31m cash (£7.50 per share).

Mr R. A. Stiby, formerly chairman of Jesse Ward, has joined the board of Portsmouth and Sunderland.

MINING NEWS

A reversal in Amcoal's rising earnings trend

BY KENNETH MARSTON, MINING EDITOR

THE WEAKNESS of the international coal market has broken the rising earnings trend of Anglo American Coal Corporation which has been maintained since the big South African coal group was formed in 1975.

In June this year Mr Graham Boustred, the chairman, warned that profits would be lower in the current year to next March. It now looks as though there will be a further decline in the following financial year.

Amcoal reports that earnings for the six months to September 30 have come back to R54.1m (£31.3m), a fall of 10.5 per cent on the R60.4m earned in the same period of 1982-83. The latest earnings equal 221 cents per share, providing ample cover for the maintained interim dividend of 50 cents; the previous year's final was 95 cents.

Coal and coke sales in the first half of the current financial year fell to 16.78m tonnes and 214,000 tonnes respectively. They compare with 17.9m tonnes and 231,000 tonnes in the same period of last year.

	Half-year ended 30/9/1983	30/9/1982
	R000	
Turnover	351,770	362,277
Profit before amort. deprec. tax	117,200	122,600
Amortisation	5,185	7,306
Depreciation	2,572	2,457
Profit before tax	109,443	112,837
Tax (SA normal)	25,707	27,633
Deferred tax	22,346	22,048
Profit after tax	58,390	63,146
Outside holders	4,281	2,711
Attributable	54,109	60,435
Number of shares in issue	24,439,890	24,439,890
Earnings per share (cents)	221.4	247.3
Int. dividend per share (cents)	50.0	50.0

Amcoal says that earnings for the full year are expected to reflect the first-half decline. It adds that it has been helped by certain coal export contracts negotiated prior to the downturn in the market and by favourable forward exchange contracts.

But these favourable circumstances will not be repeated in 1984 and profits from coal exports will be "significantly lower." However, further growth in the group's domestic business will assist in countering the adverse conditions in export markets.

Amcoal shares have come back from a year's high of £18½ to £13¼ yesterday at which level they seem to be just about fairly priced. The yield of 6 per cent is based on a dividend that should be comfortably maintained while the group, with its impressive coal assets, soldiers on through the present difficult times until economic recovery gets through to heavy industry and the coal trade.

Variations in Eastern tin output

DESPITE tin export controls—imposed by the International Tin Council in its efforts to reduce surplus metal stocks—and the consequent closures of dredges, some of the Far Eastern companies in the Malaysian Mining Corporation group are still producing tin concentrates at a good rate.

This is no guide to their sales because presumably part of the production will be going to raise stockpiles to permitted levels. While its tin concentrates production was lower in October, Tronoh's total for the first 10 months of the company's financial year amounts to 637 tonnes against 434 tonnes in the same period of 1982.

Of the mines that have completed four months of their financial year, Aokam has produced 380 tonnes against 362 tonnes, Ayer Hitam 454 tonnes (445 tonnes) and Tongkah Harbour 136 tonnes (98 tonnes).

On the other hand, MMC has produced a lower nine-month total of 4,320 tonnes against 5,701 tonnes a year ago while Berjuntai's six-month total of 1,031 tonnes goes against 1,361 tonnes and Sungei Besi's seven-month output of 331 tonnes compares with 547 tonnes.

The group's latest monthly output figures are compared in the following table.

	Oct tonnes	Sept tonnes	Aug tonnes
Aokam	85	110	128
Ayer Hitam	108	120	149
Berjuntai	178	181	188
MMC	490	456	508
Sungei Besi	33	34	40
Tongkah Harb.	38	25	46
Tronoh	63	57	57

In the Gopeng group, Gopeng itself has started its current financial year with a first monthly output of 139¼ tonnes. This is above the production for the previous month and compares with 157½ tonnes in October of last year.

	Oct tonnes	Sept tonnes	Aug tonnes
Gopeng	139¼	129¼	127½
Mambang	23	Nil	43¼
Tanjong	10¼	8	8
Idris	10	10	7½

Whim Creek production up

AN INCREASE of 20 per cent in gold production at the Haveluck open-pit gold mine at Meekatharra in Western Australia has provided record profits for Whim Creek Consolidated so far this year.

They amount to A$1.46m (£895,000) for the September quarter, making a nine-month total of A$2.83m compared with a loss of A$338,345 in the first nine months of last year.

Gold output totalled 6,882 oz in the latest quarter to make a nine-month total of 15,528 oz against 10,820 oz in the same period of last year. Whim Creek is now preparing plans to boost output from its present annual target of 21,000 oz to 40,000 oz.

The higher production will come from substantial new ore reserves defined by drilling at the bottom of the Haveluck open-pit and from the Phar Lap deposit which lies some 3 km south of Meekatharra. Further trials of Phar Lap ore in the heap-leaching and carbon-in-pulp gold recovery plants have given satisfactory results.

Shares of Whim Creek, part of the Canadian Northgate group, rose 10p to 168p in London yesterday. Shareholders will now be expecting a little of the Haveluck to rub off on to them in the shape of a maiden dividend in the not too distant future.

Profit for MTD Mangula

THE IMPROVEMENT seen at the half-time stage has been maintained in the full year to September 30 by MTD (Mangula), the Zimbabwe copper producer which is a subsidiary of South Africa's Messina (Transvaal).

At the operating level Mangula has made a working profit of Z$7.8m (£4.9m) compared with a loss of Z$3.5m in the previous year.

On the latest occasion sundry debit items, notably interest payments and other expenditure, have increased sharply and the net profit comes out at Z$3.4m.

A year ago there was a net loss of Z$3.8m before an extraordinary debit of Z$4.2m.

TECHNOLOGY

EDITED BY ALAN CANE

VENDING SYSTEMS

Coin counters

A SMALL company based in Telford, Shropshire has developed a new type of coin counting mechanism which could imporve the reliability of vending machines.

Chapman Cash Processing, CCP, is a small British company set up in 1981 with funding amounting to £250,000 from Venture Founder Capital, a U.S. business investment company. It has grown from a business based in the front room of founder, Colin Chapman's home to a Telford factory now employing nearly 90 people.

This year it had a turnover of £1.5m but it expects to at least double that figure in the next 12 months based on current orders.

With its new device, the company hopes to win a major share of a £7m European market for coin validation in the vending, amusement and video game sectors. At present, this market is dominated by Mars Money Systems and Coin Controls.

CCP says that its system is half the price of its competitor's mechanisms and is far more sophisticated. The unit costs £29 and is designed as a throwaway unit for easy maintenance.

The validation unit contain only one moving part and is made up of only five electronic components. It can be programmed to identify any coinage from any country in the world. It can even discriminate between different vendors' tokens—something which has been a problem in the past.

The company also says that the unit is jam proof and it has circuitry designed to detect attempts to defraud the machine into which it is incorporated. CCP specialises in coin counting machinery. Last year it won a large order to jointly develop British Telecom's All Change system which monitors London's 11,000 public telephones and counts the eight or so tons of coins which are inserted in the capital's public telephones every week.

ELAINE WILLIAMS

MANAGEMENT DECISION TOOLS

Mapper from Sperry

SPERRY HAS launched a computer system called Mapper 10 which is described as being suitable for "computer professionals and non-experts alike."

The system has new hardware and the latest version of the company's visually based Mapper language. Built around an integrated database arranged like traditional filing cabinet with drawers of electronic data files, Mapper 10 constitutes an economical, dedicated systems approach to solving information needs "at any organisational level."

Sperry Computer Systems says that Mapper 10 is an easily used management decision tool that allows executives, middle managers and administrative personnel to organise, manipulate and extract the information they need for planning and controlling business operations.

Using simple commands, the system offers colour graphics, word processing, electronic mail and related office functions, as well as carrying out sorts, searches, merges and arithmetic computations that support the "what if" decision making process.

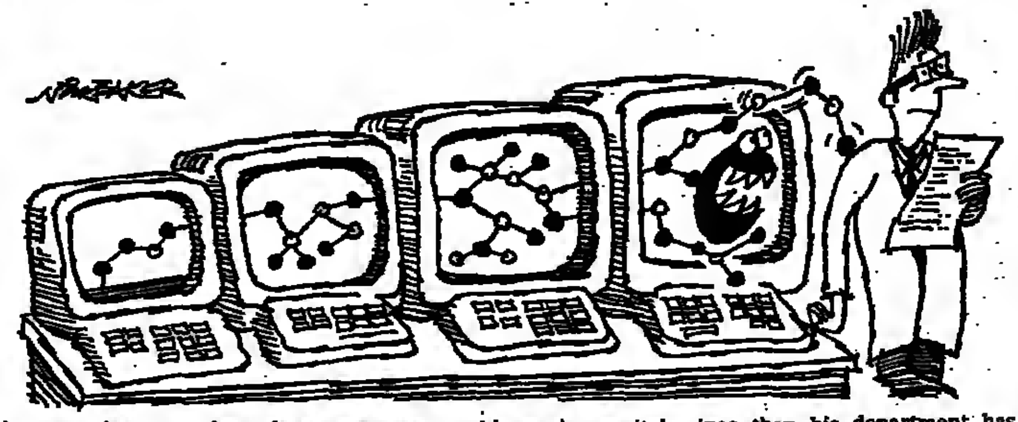
But for DP professionals, Mapper is also "a powerful time and cost saving aid for developing even the most sophisticated applications programs." More on 01-965 0511.

GEOFFREY CHARLISH

COMPUTERS ENTER THE BIOTECHNOLOGY WORLD TO HELP DESIGN NEW DRUGS

Machines that design molecules

BY STEPHANIE YANCHINSKI



THE UNPROMISING economic future of many biotechnology companies could be turned around by the clever use of computers. This is the opinion of a growing band of entrepreneurs in the computer industry who see important market opportunities in the fast growing biotechnology business, and who are starting up small firms offering software and hardware to fill the gap.

Formerly, the fate of many biotechnology "boutiques" rested in the hands of genetic engineers, those bench scientists skilled at transforming ordinary bacteria into little factories is for producing scarce human proteins. But practiced though they were at transferring bits of genetic material from one animal to another, commercialising such experiments ran into roadblocks which it now appears only computers can clear.

However, the potential impact of computers in the biotechnology industry does not end there.

For so many years now the larger chemical and pharmaceutical companies have been using computer graphics to picture the molecular configurations of their most promising chemicals or drugs with an eye to redesigning new products, but by conventional chemical methods.

Now, however, an entirely new range of products worth billions of dollars, according to some estimates, awaits the marrying of computer graphics to the new genetic manufacturing technologies.

One of the keywords to this fast growing corner of the computer industry is "artificial intelligence."

This is the ability of computers not only to store vast quantities of data, but also to analyse this information in complicated ways which mimic human thought and decision-making. In the biotechnology industry, where the complicated business of scaling up from laboratory to commercial plant is just beginning, production engineers already need the help of AI to design new processes.

Biotechnology production using genetically engineered bacteria presents special problems not yet encountered in the more traditional antibiotics industry based on more conventional microbes.

Aside from the still worrying question of safety which places an extra containment burden on the manufacturer, these bugs require a strictly controlled and delicately balanced environment, food nutrients, and the other substances it needs to grow, such as growth promoters, a touch of acid, minerals, oxygen must all be added in the correct amounts, and in the correct order.

Much of this technology is still black art, but computers offer the opportunity to make these processes more efficient, and so improve their chances of competing successfully with more conventional technologies.

IntelliGenetics is a small AI company based in Palo Alto, California, set up in 1981 to focus on the expanding biotechnology industry. Today, the company offers a range of software programs for storing information of use in production and research. For example, *data on proteins, the products* of most of these companies and the complicated structure of DNA, the blueprint the cell follows in making proteins and which these companies wish to alter. Their programs will also access the enormous "gene banks" stored in research centres in Washington and in the European Molecular Biology Organisation, in Heidelberg.

However, for the process engineer bewildered by the intricacies of designing a biotechnology production line from scratch, IntelliGenetics offer KEE — Knowledge Engineering Environment program. This is a software system for planning experimental systems, designing new equipment and for scaling up.

Dr Paul Armstrong, head of biotechnology at IntelliGenetics says "as you would expect, our customers include the new biotechnology companies but also larger firms such as Monsanto."

"They find that building up their own artificial intelligence program would require capital investment and hiring new staff. They find it easier to buy it in." However promising these applications are, the real profits probably lie in developing software programs to design new biological molecules, which could then be made conventionally or by genetic engineering. There the big drug houses are already deeply involved, they are locked in a race to design a new family of antihypertensive drugs based on the detailed structure of renin provided by computer graphics.

Renin is an enzyme which research has linked to high blood pressure. Finding a chemical which blocks its action could be worth billions of dollars, and according to a report in McGraw Hill's biotechnology Newswatch, the two leading contenders are Upjohn Company and Merck Research Laboratories, both American. In the blood renin cleaves a precursor hormone, angiotensinogen, to release angiotensin, which powerfully constricts blood vessels, a *vital first step to* raising blood pressure.

Scientists think that by picturing the molecular "bumps" and "crevices" of first renin, the angiotensinogen, and then the two "docking" together, they may be able to design an effective renin inhibitor.

Elf Acquitaine, and Roussel Uclaf, in France, Ciba Gaigy in Switzerland and ICI and Burroughs Wellcome in Britain are not far behind the two front contenders.

Professor Tom Blundell and his team at Birbeck College, University of London, created a considerable stir among these commercial contenders by publishing this summer the three dimensional structure of mouse renin from their own computer graphics program and since then his department has developed tha computer model for the human molecula. This achievement is considerable, for *his software* program takes into account that biological molecules are not rigid, and constantly slightly altering its shape. His system, for example, incorporates 5,000 "vectors"—chemical bonds which it can display and rotate in real time.

What is seen on the screen is not only a three-dimensional model of these forces, represented by a delicata tracery of lines, but also a fuller shading of the surfaces of thesa molecules, using *millions* of dots.

Blundell's work indicates the quality of computer software programs tucked away in British universities and research organisations which may be of great commercial value. A *small* computer *hardware* company, Gresham Lion, spotted tha opportunity and recently licensed a software program for modelling anticancer drugs from its developer, Professor Stephen Neidle, head of tha *biomolecular team* at King's College, a group supported by the Cancer Research campaign.

John Sturt, Gresham'a sales director, says: "We were impressed because it is faster and cheaper than other software packages about." Renin is but one of the enzymic proteins whose function depends on a strict order of amino acids, programmed by genes in the cell's nucleus.

As nature's catalysts, enzymes control all of the chemical reactions in a living cell, including the manufacture of DNA. In humans enzymes digest food, build up muscle, help transmit nerve impulses, and dispose of wastes. In industry, enzymes have long played a distinguished role in brewing, cheese making and in tanning leather. This market alone is worth $300m a year, according to a report by *the American Office of Technology Assessment*, a congressional think tank based in Washington.

Like all proteins, an enzyme's activity depends on its amino acid building blocks, which spread a net of electrical forces holding the molecule in a particular configuration. If this careful balance is upset, the enzyme fails to function properly. On tha other hand, by kinking the molecule a slightly different way, its activity could be vastly improved. This is not only of academic interest; for example, tha production of liquid sweeteners extensively used in food processing uses three enzymes to convert glucosa into its sweeter equivalent, fructose. One of these enzymes fails to "grapple" proparly with its glucose, and so is an obvious candidate for computer graphics and genetic engineering.

Cellulases, which break down fibrous plant material to alcohol, are another commercial target for these techniques, as the search continues for alternative sources of cheap fuel.

Genetic engineers could improve an enzyme's activity by *slightly altering the gene* programming its production in tha cell. But which part of the gene is important? Enzymes consist of hundreds of amino acids, and it is likely that only a computer could, by picturing its surface as it docks with its selected substrate, pinpoint which one was important.

The Science and Engineering Research Council, Britain's main funder of biotechnology research, recognises the importance of "protein engineering," and plans to set up a multidisciplinary research programme involving industry next month. But Tom Blundell comments that "although the possibilities are tremendous, industry is still wary, because it is so new." Nevertheless, the future is here now.

A group of British researchers recently achieved the improbable and used computer graphics and genetic engineering to construct for tha first time anywhere a better enzyme. It took the group ten years to achieve this. Nevertheless, Dr Greg Winter, co-ordinator of the project at the laboratory of molecular biology in Cambridge, says somewhat facetiously "we're on the way to creating the first Martian."

ENGINEERING

Computerised data base

THOSE CONCERNED with the maintenance of machinery and components might be interested in a computerised *database* called Midas that provides engineers with information on a wide range of defects and failures.

Originally conceived in the Royal Navy, the database has been built up and used over 15 years and consists of logged defects in electrical, electronic, hydraulic and mechanical systems and components.

In its naval role Midas supplies data as a free service to the *Ministry* of Defence. But MOD has now made the data available at negotiated prices to *industry* in a vetted form. More on 041-204 2737.

INFORMATION

Expert systems

HARDLY OUT of the laboratory, expert systems (which combine computer memory and artificial intelligence to aid the professional) are already becoming a commercial proposition.

Latest to appear is Nexus, said to be the first financial expert system — or rather family of expert systems, for Nexus is the nucleus of a series of products which include a financial adviser, investment adviser and tax adviser.

The financial wisdom of the experts is stored in the database—the customer is advised by the system through a question and answer sequence. According to Heltz, which is marketing the product "As Financial Adviser can be used by anyone the professional can be presented with a full analysis prepared by a junior." More on 01-248 1734.

Brazil converts sugar surplus into fuel, Page 30

SECTION III – INTERNATIONAL MARKETS
FINANCIAL TIMES
Wednesday November 9 1983

WALL STREET

Not a day for big decisions

THE ABSENCE of trading on federal bond markets – closed for election day – took the bounce out of the rest of Wall Street's financial sectors yesterday, *writes Terry Byland in New York.*

Treasury bond futures, however, were traded and a firmer tone in the near-dated quotations helped the stock market as well as municipal and corporate bonds.

The Dow Jones Industrial average closed up 0.10 at 1,214.94.

A satisfactory outcome to Monday's auction of $6.5bn in three-year Treasury notes calmed some of the fears surrounding the immediate outlook for interest rates. Yields on the notes were set at 11.11 per cent, in line with expectations but up from 10.85 per cent at last week's auction of similar notes.

Yields at the traditional weekly auction of Treasury bills the same day showed gains of around 40 basis points over levels of last week. Dealers seemed more confident on prospects for this week's auctions of 10-year notes and 30-year bonds but remained unhappy with the weight of Treasury funding to be met before the end of the year.

The delay in raising the debt limit has left the Treasury to raise around $42bn within 35 trading days – meaning perhaps as many as 20 auctions. These technical factors alone are likely to force short-term rates higher.

In the stock market, a major disappointment was the reaction of General Motors to a substantial increase in dividend. Shares in the motor giant fell $⅞ to $74¾, extending Monday's sharp fall on the financial problems at IBH holdings, in which GM has a 20 per cent stake and debt involvement.

Other major stocks recorded small, mixed price changes in thin trading. With the banks closed for retail business and their securities trading desks only thinly staffed, it was no day to make significant investment decisions.

Further support took IBM up $⅛ to $122¼. Honeywell fell $¾ to $123⅞. Digital Equipment was $1 up at $68¾ and Commodore International $⅝ up at $33⅜.

But NCR slipped $1¼ to $124¾ and Texas Instruments at $125⅝ shed $1⅛ on renewed selling.

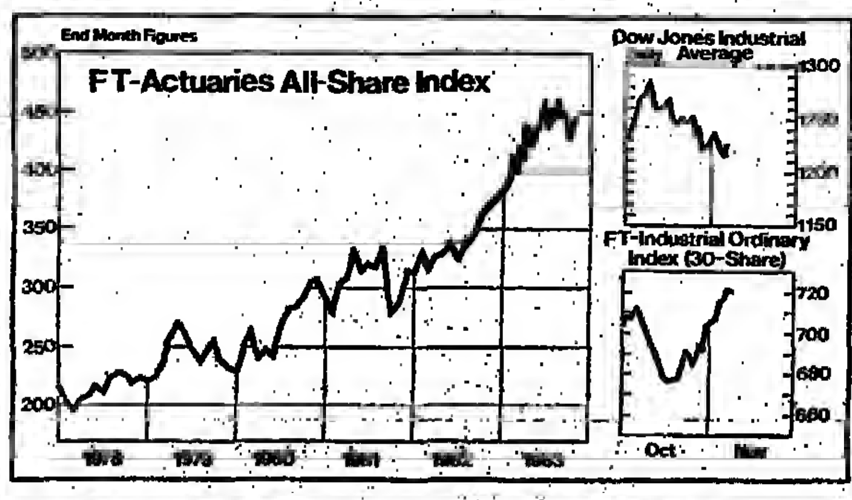
Monsanto, $2½ off at $102½, was another stock hit by a resumption of recent selling and further profit-taking took Burlington Northern down $1¾ to $100⅛. But on the other side of the scales Merck, the pharmaceutical group, put on $¾ to $96⅞ and General Electric was strong at $52⅞, a gain of $1⅛.

Telerate, the computerised financial data group in which Exco of the UK holds a major stake, put on $⅝ to $19⅝ following results.

December contracts in Chicago showed price rises of some ⁸⁄₃₂ for Treasury bonds at 70–76, four basis points for bills, and six for CDs.

Municipal and corporate bonds edged forward although trading was restricted by the closure of the government bond markets. A quotation of 100²⁴⁄₃₂ was indicated for the key federal long bond, the 12 per cent of 2013, but this remained untested.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Nov 8	Previous	Year ago
DJ Industrials	1214.94	1214.84	1037.44
DJ Transport	585.88	583.05	444.02
DJ Utilities	136.61	137.57	121.49
S&P Composite	161.76	161.91	140.44
LONDON			
FT Ind Ord	720.1	721.4	622.9
FT-A All-share	447.43	447.29	382.53
FT-A 500	484.91	484.63	427.75
FT-A Ind	440.51	440.65	398.21
FT Gold mines	492.2	474.5	375.8
FT Govt secs	82.09	81.9	84.84
TOKYO			
Nikkei-Dow	9319.26	9316.21	7551.66
Tokyo SE	682.97	682.62	555.89
AUSTRALIA			
All Ord.	700.3	693.9	518.9
Metals & Mins.	524.4	517.9	428.5
AUSTRIA			
Credit Aktien	54.25	53.92	47.79
BELGIUM			
Belgian SE	128.5	126.36	99.35
CANADA			
Toronto Composite	2411.3	2398.6	1865.0
Montreal Industrials	421.30	419.59	331.77
Combined	407.15	404.73	317.04
DENMARK			
Copenhagen SE	189.51	194.66	92.02
FRANCE			
CAC Gen	140.6	140.2	101.5
Ind. Tendance	149.0	148.5	120.6
WEST GERMANY			
FAZ-Aktien	335.1	332.1	231.46
Commerzbank	996.6	987.3	702.8
HONG KONG			
Hang Seng	873.05	896.53	861.65
ITALY			
Banca Comm.	184.78	186.4	164.34
NETHERLANDS			
ANP-CBS Gen	136.6	137.0	98.3
ANP-CBS Ind	109.8	110.0	74.8
NORWAY			
Oslo SE	191.62	196.77	104.36
SINGAPORE			
Straits Times	921.08	933.53	743.21
SOUTH AFRICA			
Golds	720.1	698.1	665.9
Industrials	887.0	879.5	676.5
SPAIN			
Madrid SE	126.97	128.3	103.36
SWEDEN			
J & P	1395.21	1396.16	738.7
SWITZERLAND			
Swiss Bank Ind	352.1	352.1	266.2
WORLD	Nov 7	Prev	Yr ago
Capital Int'l	178.8	177.4	149.0

GOLD (per ounce)

	Nov 8	Prev
London	$381.625	$378.625
Frankfurt	$382.25	$379.00
Zürich	$382.50	$379.50
Paris (fixing)	$381.75	$379.63
Luxembourg (fixing)	$382.80	$377.25
New York (Nov)	$381.30	$381.40

* Indicates latest pre-close figure † Nov 7

CURRENCIES

(London)	U.S. DOLLAR Nov 8	Previous	STERLING Nov 8	Previous
$	–	–	1.4845	1.484
DM	2.677	2.6815	3.975	3.98
Yen	235.9	237.05	350.5	352.0
FFr	8.1375	8.14	12.075	8.14
SwFr	2.175	2.179	3.23	2.179
Guilder	3.0035	3.0045	4.46	3.0045
Lira	1621.75	1622.0	2407.0	1622.0
BFr	54.42	54.37	80.8	54.37
C$	1.23625	1.23575	1.8345	1.23575

INTEREST RATES

	Nov 8	Prev
Euro-currencies (three month offered rate)		
£	9⅝	9⅝
SwFr	4⅜	4¼
DM	6⅛	6⅛
FFr	13⅛	13⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	10	10⅛
6-month U.S.$	10⅛	10¼
U.S. Fed Funds	9⅝†	9¾
U.S. 3-month CDs	9.55†	9.6
U.S. 3-month T-bills	8.75†	8.82

U.S. BONDS

Treasury	Nov 7 Price	Yield	Prev Price	Yield
10⅜ 1985	99 15/32	10.71	99 15/32	10.71
11⅛ 1990	99	11.70	98 29/32	11.73
11⅞ 1993	100 5/32	11.81	100 3/32	11.82
12 2013	100 11/32	11.89	100 9/32	11.91
Corporate	Nov 8 Price	Yield	Prev Price	Yield
AT & T				
10⅜ June 1990	93⅞*	11.75*	93⅝	11.75
3⅞ July 1990	68⅝*	10.65*	68⅝	10.65
8¾ May 2000	76*	12.15*	76	12.15
Xerox				
10⅞ March 1993	91.60*	12.15*	91.60	12.15
Diamond Shamrock				
10⅞ May 1993	90⅞*	12.30*	90⅞	12.30
Federated Dept Stores				
10⅜ May 2013	86*	12.40*	86	12.40
Abbot Lab				
11.80 Feb 2013	95⅞*	12.40*	95⅞	12.40
Alcoa				
12½ Dec 2012	95*	12.90*	95	12.90

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
December	70-07	70-09	70-05	70-03
U.S. Treasury Bills (IMM) $1m points of 100%				
December	91.00	91.01	90.97	90.96
Certificates of Deposit (IMM) $1m points of 100%				
December	90.36	90.37	90.31	90.30
LONDON				
Three-month Eurodollar $1m points of 100%				
December	90.13	90.13	90.02	90.04
20-year National Gilt £50,000 32nds of 100%				
December	108-09	108-12	107-21	107-27

COMMODITIES

(London)	Nov 8	Prev
Silver (spot fixing)	609.20p	593.95p
Copper (cash)	£913.50	£907.75
Coffee (Nov)	£1839.00	£1826.50
Oil (spot Arabian light)	$28.45	$28.45

EUROPE

Frankfurt shakes off its troubles

THE RETURN of some foreign buying interest to **Frankfurt** enabled the market to shake off the worries associated with SMH Bank, construction equipment concern IBH, Arbed-Saarstahl and the collapse of the Thyssen-Krupp steel merger – a confluence of corporate troubles which bad swung prices lower over the past week.

The decisive and level-headed way in which the bank rescue was seen to be effected aided sentiment, as did the progress towards staving off insolvency at Saarstahl.

This brought a resumed assault on the 1,000 level of the Commerzbank index, which had been briefly attained before the difficulties set in. It finished 9.3 up at 996.6.

The thwarted steel pair were both firm, Thyssen up DM 2.20 to DM 76 and Krupp steady at DM 69. Most banks rallied, with Commerzbank DM 2.30 ahead at DM 166.80 and Deutsche Bank DM 1 better at DM 305. Allianz, considering a second try for control of the UK's Eagle Star, jumped DM 15 to DM 799.

Thin bond trading left prices a quarter-point either side of the previous close as the Bundesbank sold DM 14.6m in paper after Monday's purchases worth DM 80.9m. It also provided DM 4.6bn in 28-day repurchase agreements at 5.6 per cent and continued to offer Schuldschein promissory notes at about 8.10 per cent.

Amsterdam impetus dwindled as operators were alert for any ill effects on industry resulting from public sector pay action escalating this week in postal, rail and other services.

A U.S. shift to selling in Philips took it FL 1.50 lower at Fl 41.70, while ABN led banks Fl 2.50 down at Fl 339.

Domestic bonds steadied quietly as the central bank offered 5¾ per cent one-week special advances for tender this morning.

A **Brussels** buying campaign lost some momentum although most first-liners still closed to the good. An exception was Petrofina, off BFr 30 to BFr 5,670, while a share issue from Société Générale de Belgique pulled it BFr 15 down at BFr 1,585 in beavy dealings.

Arbed firmed BFr 2 to BFr 1,192 as the resolution of the Saarstahl woes neared.

Ligbt **Zurich** trading left leaders barely steady as interest rate uncertainties dominated. Jacobs Suchard made the best of the going, up SwFr 75 to SwFr 6,450 while chemicals turned mixed and banks showed muted gains – SwFr 10 apiece for Union Bank at SwFr 3,310 and Bank Leu at SwFr 4,010.

Attention in the domestic bond market focused on new 4¾ per cent issues from Crédit Suisse and retailer Globus, which each traded at about a half-point discount to issue price.

The strongest **Paris** performance in an otherwise narrowly mixed session came from Michelin, which surged FFr 70 to FFr 805 on its first-balf showing and forecast of a considerable improvement on the year. Creusot-Loire, by contrast, slid FFr 3.30 to FFr 46.20 as its difficulties intensified.

Bonds firmed despite an eighth-point rise in call money to 12⅜ per cent, as the Bank of France bougbt some FFr 20bn in paper at an unchanged 12¼ intervention rate.

Milan fared poorly with the exception of Olivetti, up L60 to L3,260 after slipping L45 on Monday. The volatility is attributed to a restructuring of its sbare capital including the buying back of a parcel from Saint Gobain of France, resold in part to a U.S. fund, and the provision of a stake to CIT-Alcatel instead.

Italcementi shed L800 to L44,800, insurer Toro L210 to L11,200 and Banca Commerciale L200 to L26,600. Bonds were selectively firmer.

A moderate **Stockholm** revival found foreign buyers for Alfa-Laval, SKr 6 ahead at SKr 257, and Asea, which nonetheless fell SKr 15 to SKr 340.

Profit-taking continued in **Copenhagen**, affecting all sectors but with the greatest resilience identifiable among stocks which are internationally known and held. Novo and Brewer Forenede, two examples, were each unchanged.

Oslo was also subject to selling, with Norsk Hydro off NKr 13.50 at NKr 489. **Madrid** was led upward by steels, foods and chemicals.

Canada

FIRM ADVANCES in the gold and oil sectors underpinned a slightly higher tone in **Toronto**. Most major stock groups advanced in beavy trading, although a slight weakness was seen among transport issues.

A similar sligbtly firmer mood emerged in **Montreal**.

TOKYO

Incentive remains elusive

INVESTORS remained on the sidelines in Tokyo yesterday in the absence of fresh incentives, but ligbt buying by foreigners brought some life to the equity market which had fallen for five sessions in a row, *writes Shigen Nishiwaki of Jiji Press.*

The Nikkei-Dow market average gained 3.05 to close at 9,319.26 on a still meagre volume of 195.10m shares, although up from the previous day's 122.97m, the year's lowest. Declines edged ahead of advances by 333 to 323, with 176 issues unchanged.

Investors seemed reluctant to participate in the market, discouraged by Middle East tension, uncertain U.S. interest rate prospects, growing speculation that the Japanese House of Representatives would be dissolved at the end of the month for a general election in December, and the yen's weakness against the U.S. dollar.

However, some market operators increasingly took the view that the market had hit bottom, noting that the Nikkei-Dow barometer had maintained the 9,300 level for nine successive sessions and that foreign investors bad begun to issue buy orders, even thougb in small lots.

European investors bought such blue chip stocks as Kirin Brewery, NEC and Honda Motor in lots of 200,000 to 300,000 shares each, and around 700,000 sbares of the Ricob stock through four major securities bouses. NEC rose Y10 to Y1,340, and Ricob Y10 to Y1,020, while Honda Motor lost Y20 to Y1,010, and Kirin Y1 to Y449. Other blue chips were also mixed.

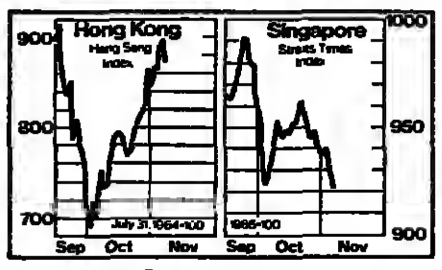
Among popular purchases were pbarmaceuticals, with Taisbo Pharmaceutical climbing Y20 to Y900 in sizeable cross-trading. Dai-Nippon Pharmaceutical rose Y60 to Y3,190 and Daiichi Seiyaku Y25 to Y980 in sympathy. Godo Sbusei surged Y57 ahead to Y577 on reports of speculative buying.

Reflecting growing uncertainty, bond market trading remained slow, with institutional investors and brokerage bouses retreating.

City banks were reluctant to sell their holdings as bond prices matcbed the lowest October level.

Another negative factor was the sale by the Bank of Japan of short-term government securities worth Y300bn, maturing on December 5.

The yield on 7.5 per cent government bonds, due in January 1993, rose a slight 0.01 per cent from the previous day to 7.77 per cent.



HONG KONG

A balt was called to recent Hong Kong attempts to resume an upward path as local investors took profits ahead of the new round of talks on the colony's future next week, and their overseas counterparts stayed largely clear of the market.

The Hang Seng index, after failing to breach the 900 mark on Monday, settled 23.48 down at the day's low of 873.05 on moderate turnover. A prime rate cut, held in prospect by some, was being regarded as the best bope of breaking through the resistance level.

Jardine Matheson slid 50 cents to HK$11.40, Hutchison Whampoa 30 cents to HK$12.80, Cheung Kong 25 cents to HK$7.30 and Bank of East Asia 20 cents to HK$20.30.

SINGAPORE

NERVOUSNESS became apparent in Singapore over the developing constitutional crisis in Malaysia as the clasb between the Prime Minister and the country's ruling sultans came into the open.

Brokers were reportedly advising clients not to jettison their boldings, but falls outnumbered rises 143 to 11 with 176 unchanged, and the Straits Times industrial index retreated 12.45 to 921.08.

Cerebos, the day's most active on 683,000 shares, dipped 3 cents to S$2.05. Malayan Cement declined 25 cents at S$8.40 and Genting 12 cents to S$4.58. Banks were also unsettled, with Malayan Banking off 15 cents at S$9.10.

LONDON

Underlying resilience shows up

TOP QUALITY shares demonstrated their underlying resilience in London yesterday, largely picking up declines seen early in the session.

The FT Industrial Ordinary index, which was down 2.3 at the first calculatinn of the day, ended the session 1.3 lower on balance at 720.1.

Among insurances, Eagle Star ended the day down 7p at 608p – little affected by the announcement that Allianz of West Germany was considering a revised offer.

Government securities drew encouragement from the slightly improved tone of U.S. bonds overnight and longer-dated stocks managed a half-point gain.

South African golds bad a bealthier day, buoyed by the firmer bullion price while Australians remained firm. *Details, Page 29; Share Informatinn Service, Pages 26–27.*

AUSTRALIA

AN ACTIVE Sydney advance was led by base metal mining issues, with uranium interests again prominent following clearance by the ruling Labor Party allowing exploitation of the country's reserves. The all ordinaries index put on 7 points to 700.3, its first return to that level for nearly a month.

Mr Rupert Murdocb's News Corporation gained 14 cents to A$8.80, a two-day rise of 30 cents.

SOUTH AFRICA

A FIRM bullion price enabled gold shares to continue to lead Johannesburg bigber in fairly active trading. But the largest advance of the day was seen in Indumeni, a defunct coal mine being used by Anglo American as the vehicle to acquire a 20 per cent interest in Allied Technologies, South Africa's largest electronics group.

Indumeni jumped 95 cents to R3.20, reinforcing speculation that a group of investors is putting pressure on others who bave sold stock sbort.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
17¼	8	AAR	.44	3.1	18	17	14¼	14	14¼	
52⅞	29½	ACF	1.40	2.8	447	218	49¼	49	49⅛	+⅛
20	14¼	AMF	.50	2.9		426	17½	17⅛	17¼	
36¼	16⅞	AMR Cp			15	5872	35⅞	34¼	35	+¼
19	15	AMR	pf2.18	11		142	u19¼	18⅞	19¼	+⅛
39⅞	24⅞	AMR	pf2.13	5.7		970	37½	37	37½	−½
15¼	3⅞	APL			23	46	11¼	11	11¼	+⅛
55	31⅛	ARA	2.05	4.3	12	25	47½	47¼	47½	+⅛
79⅞	49	ASA	3a	5.8		453	53⅞	52⅞	53⅞	+⅛
33¾	12⅛	AVX	s .32	1.3	37	70	24¼	23¼	24¼	+1⅛
53⅞	34⅛	AbtLab	1	2.0	18	1529	49⅛	48¼	49⅞	+½
30⅞	23⅛	AccoW	n .60	2.5	18	30	24⅞	24¼	24⅞	
27½	16⅛	AcmeC	.40	1.8		16	23	22¼	22⅞	+½
14⅞	7⅞	AcmeE	.32b	3.2	494	10	9⅞	9⅞	9⅞	−⅛
24⅞	6⅛	AdmDg	.04	.2	17	23	20⅞	20½	20⅞	−⅛
16	15	AdaEx	1.73e	10.		32	17⅞	17⅛	17¼	−⅛
19⅛	7⅛	AdmMl	.24	1.9	8	33	13⅛	12⅞	12⅞	−⅜
18⅞	8⅞	Advest	s .12	1.0	7	203	12	11⅞	11⅞	−⅛
34⅞	10⅞	AMD	s		46	3577	27⅞	26⅞	27	−⅜
24⅞	12⅞	Aerflx	s		15	34	14⅛	14½	14½	−⅛
44⅞	32⅞	AetnLf	2.64	7.4	9	1362	36	35⅛	35⅞	+⅜
68	55⅞	AetL	pf5.18e	9.3		62	56⅞	50	50	
40½	22½	Ahmns	1.20	4.4	15	427	27⅞	27¼	27¼	
7⅛	2⅞	Aileen				43	4	3⅞	4	+⅛
51	31	AirPrd	1	2.3	12	1347	43	42⅞	42⅞	+⅛
[illegible]										

FOR SALE

Industrial Area, near Düsseldorf, F.R.G.

About 102,000 sq. m.; partially built-up (office buildings, warehouses, production plant); fully developed; conveniently located for air, rail, motor transportation; ground water rights; steam engine generator included (3,000 kW electrical power).

Appraised (1981) at DM 27 million
Selling price (1983) DM 14 million

For additional details please contact:

Mr. Udo K. Jurzinsky
Estate Manager
D-7800 Freiburg, Wölfinstr. 20, F.R.G.
Telephone: 0761/39545
Telex: 772 722 kjfr d

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AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
22⅞	8⅛	AAV	.32	2.0	12	18	15⅞	15⅝	15⅝	−¼
4⅞	3	AlCPh				7	2	3	3	
6⅛	1⅞	ATI				136	2	1⅞	2	+⅛
15½	11⅞	AcmU	s.32	2.4	15	12	13½	13¼	13½	
14½	3⅝	Action	s		8	140	11⅛	10⅝	11	
12	6⅛	Actons		11	16	30	49	6⅝	6⅝	−⅛
6½	1½	Acm	wt			3	2¼	2¼	2¼	−⅛
6	1⅞	AdobRs				6	4⅛	4	4⅛	+⅛
30⅝	17⅛	AdRusl	s.10	.5	13	291	22	21⅞	21⅝	−½
28⅝	14¼	Adobe	.24	1.2	13	4	19⅝	19⅝	19⅝	+⅛
5⅛	2	AeglsCp			13	51	4	3⅞	3⅞	−⅛
7	4	Aeronca			6	48	4⅛	4⅛	4⅛	
45	20	AffPb	s.64	1.6	16	4	40⅝	40⅝	40⅝	+⅛
17½	4½	AirStx			8	7	11	10⅞	11	
15½	5⅞	AirExp				130	7	6½	7	+¼
6⅛	4⅞	Alamc	s		10	11	5	4⅞	5	+⅛
23¾	4⅞	AlbaW	.15e	1.2	9	31	12⅝	12½	12⅝	−¼
12⅛	3	AlnTr	s			4	4½	4½	4½	
12⅞	7⅛	AlmySt		1.6		3	12⅝	12½	12⅝	+⅝
10½	5⅝	AlphaA				4	7⅛	7	7⅛	+⅛
28⅝	16⅛	Alphal	s.08	.3	28	24	18⅝	18⅝	18⅝	−⅛
22	10⅞	Altamil	.40	1.8	14	14	21¾	21¾	21¾	
1⅞	⅛	Altec	v			686	⅝	½	½	−⅛
2⅞	1⅛	Alvex				161	1⅞	1¼	1⅞	−⅛
11-16	1-16	Altex	wt			3	½	½	½	
32½	14¾	AlzaCp				168	18⅝	15⅞	18½	+½
22⅝	13⅛	Amdhl	0.20	1.2	26	573	16⅝	16⅛	16⅝	+⅛
25⅝	6⅞	Amdc	s.08	.5	21	100	16⅞	16	16⅝	+⅞

Continued on Page 24

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 22

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
70	56	VulcnM	2.44	4.1	17	28	60	59⅝	59⅝	+⅛
		W-W-W								
23¾	18	WICOR	9.14	9.8	9	36	22¼	21⅞	21⅞	−¼
47	37½	WebR	pf4.50	9.5		z20	u47½	47½	47½	+1½
47⅛	29⅝	Wachov	1.56	3.4	10	79	45⅝	45⅛	45⅝	+⅛
34½	16	Wackht	.44b	2.0	14	62	20½	21¾	21⅞	−½
11⅞	4⅛	Wainoc				82	9⅛	8⅝	9	
48⅝	20⅞	WlMrt	s.14	.4	37	1282	40⅝	39½	39⅝	−⅛
39⅝	24⅛	Walgrn	s.72	2.0	18	180	36⅝	36⅛	36½	−⅛

Continued on Page 24

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 23

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEW YORK CLOSING PRICES

Continued from Page 23

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADA

(Closing Prices) Stock	Nov 8	Vam.
AMCA Int.	22⅝	+ ½
Abitibi	21½	- ¼
Agnico Eagle	15	+ ⅛
Alberta Energy	19⅞	- ⅛
Alcan Alumn	44⅜	-
Algoma Steel	26⅞	+ ½
Asbestos	10⅛	-
Bk Montreal	27⅛	+ ⅜
Bk Nova Scotia	42⅝	+ 1⅛
Bell Canada	30⅝	- ⅛
Bombardier A	16⅛	-
Bow Valley	25½	+ ⅜
B.P.Canada	-	-
Brascan A	35⅛	+ ⅛
Brinco	3.2	+ 0.05
B. C. Forest	11⅜	-
CIL Inc	28½	-
Cadillac Fairv.	8⅞	-
Can Cement	-	-
Can NW Energy	24⅛	+ ⅛
Can Packers	25⅝	+ ⅛
Can Trustco	44⅝	- ⅛
Can Imp Bank	31⅜	+ ⅛
Canadian Pacific	48⅞	+ ⅛
Can. P. Ent.	22⅝	+ ⅛
Can Tyre A	57½	- ⅜
Carling O'Kfe	21⅝	-
Chieftain	17½	+ ⅛
Cominco	55⅝	+ ⅛
Cons Bathst A	22½	+ ⅛
Coseka Resources	3.6	+ 0.05
Costain	8⅝	-
Denison Mines	45	+ ½
Dofasco	55⅝	+ ¾
Dome Mines	15⅝	+ ½
Dome Petroleum	4.35	- 0.1
Dominion Strs.	18⅛	- ⅛
Domtar	26⅝	- ⅛
Falconbridge	70	+ ½
Genstar	27⅜	- ⅛
Giant Y'knife	19⅛	-
Gt West Life	275	-
Gulf Canada	17	+ ⅛
Hawk Sid Can	16½	-
Hudson's Bay	24	+ ⅜
Husky Oil	18⅛	-
Imasco	30⅞	+ ⅛
Imp Oil A	35½	+ ⅝
Inco	16⅛	- ⅛
Indal	11⅜	-
Interpr Pipe	30⅝	+ ⅛
LAC Minerals	-	-
Macmil Bloedel	27	- ½
Marks & Spencer	13⅛	-
Massey-Ferg	8⅛	-
McIntyre Mines	35⅛	-
Mitel	15⅝	- ½
Moore Corp	54	+ ⅛
Nat. Sea Prods A	7½	- ⅛
Noranda Mines	24⅛	+ ⅜
Numac Oil	25½	+ ⅜
Nova Alberta	9½	- ½
Nthn Telecom	49	-
Oakwood Pet	9⅞	+ ⅛
Pancanadian Pet	24⅝	- ⅛
Patino	28	-
Placer Devt	21	+ ⅛
Power Corp Can	17⅛	+ ⅛
Quebec Sturgeon	6⅝	- ⅛
Ranger Oil	13⅛	+ ⅛
Reed Stenhse A	12⅛	+ ⅛
Rio Algom	16½	+ ½
Royal Bank	33	+ ⅜
Royal Trustco A	27	-
Sceptre Res	5⅜	- ⅛
Seagram	44⅜	+ ⅛
Simpson Sears A	-	-
Shell Can Oil	23⅝	-
Steico	26⅝	+ ⅛
Tech B	16⅝	+ ⅜
Texaco (Canada)	38⅝	+ ½
Thomson News A	38⅛	-
Toronto Dom Bank	17⅛	+ ½
Transalta A	20⅛	-
Trans. Can. Pipe	28⅛	+ ⅛
Walker Hiram	27⅜	+ ⅞
Westcoast Trans	15	+ ½
Weston (Geo)	60½	+ ½

AUSTRIA

Nov. 8	Price Sch%	+ or —
Creditanstalt	911	......
Goesser	320	—1
Interunfall	410	......
Landerbank	912	......
Perlmooser	318	—2
Steyr Daimler	163	+5
Veitscher Mag.	197	—2

BELGIUM/LUXEMBOURG

Nov. 2	Price Frs.	+ or —
ARBED	1,192	+2
Banq Int A Lux	4,560	......
Bekaert B	2,960	+40
Ciment BR	1,920	—10
Cockerill	169	+1
Delhaize	4,810	+10
EBES	2,315	+40
Electrobel	6,340	+40
Fabrique Nat.	2,165	+5
GB Inno BM	2,905	......
GBL (Brux)	2,290	+5
Gevaert	2,470	+15
Hoboken	4,550	+70
Intercom	1,820	+10
Kredietbank	5,200	......
Pan Hldgs.	9,800	......
Petrofina	5,670	—30
Royale Belge	0,900	......
Soc. Gen. Banq.	2,200	+50
Soc. Gen. Belge	1,585	—12
Sofina	4,250	—25
Solvay	0,355	+35
Tractionel	3,120	—15
UCB	0,985	+45
Vieille Mont	3,110	+30

DENMARK

Nov. 8	Price Knr %	+ or —
Aarhus Olie	479	......
Andelsbanken	973	—5
Baltica Skand	506	—90
CopHandelsbank	901	—0
D. Sukkerfab	010xr	—25
Danske Bank	967	—10
East Asiatic	140	—3
Forende Brygg	1,340	......
Forende Damp	178	......
GNT Hldg	445	......
I.S.S.B.	755	......
Jyske Bank	564	—2
Novo Ind	3,080	......
Privatbanken	260	—14
Provinsbanken	323	—9
Smidth (Fl)	236	—17
Sophus Berend	950	—50
Superfos	475	—19

FRANCE

Nov. 8	Price Frs.	+ or —
Emprunt 4½% 1975	1,898	+0
Emprunt 7% 1973	9,320	+35
CNE 3%	3,078	+10
Air Liquide	487	+1
BIC	739	—4
Bouygues	692	+1
BSN Gervais	2,385	—25
CIT-Alcatel	1,099	......
Carrefour	1,300	+10
Club Mediter'n	681	+93
CFAO	529	+0
Cie Bancaire	336	—6
Cofimeg	179	+1
Creusot Loire	46.2	—0.3
Darty	647	—23
Dumez	889	—6
Eaux (Cie Gen)	433.5	+0.0
Elf-Aquitaine	123.5	......
Gen. Occidental	620	+2
Imetal	62	—1.2
Lafarge Coppee	257	+4
L'oreal	1,978	+13
Legrand	1,900	+9
Maisons Phenix	336	—2
Matra	995	—4
Michelin B	806	+70
Midi (Cie)	1,137	+1
Moet-Hennessy	1,295	+27
Moulinex	94	+3
Nord Est	47.2	+0.3
Pernod Ricard	920	—4
[illegible]	[illegible]	[illegible]

GERMANY

Nov. 8	Price Dm.	+ or —
[illegible]	[illegible]	[illegible]

NETHERLANDS

Nov. 8	Price Fls.	+ or —
ACF Holding	159	—0.5
Ahold	109	+1
AKZO	76.6	+5.7
ABN	339	—2.6
AMEV	132.5	+0.8
AMRO	07	—0.5
Bredero Cert	175	—1.2
Boskalis Westm	49.5	+0.7
Buhrmann-Tet	51	—0.5
Caland Hldgs	02.7	—0.3
Credit Lyon'is Bk	35.5	—1
Elsevier-NDU nv	423	......
Ennia	165.5	+1
Gist-Brocades	150	—1
Heineken	120.6	+0.1
Hoogovens	33.7	......
Hunter Douglas	17	—0.2
Int-Muller	27.9	—0.1
KLM	164.2	+1.8
Naarden Intl	35.3	—0.0
Nat Ned Cert	171.5	—0.1
Ned. Credit Bank	01.2	......
Ned Mid Bank	140	—1.5
Nedlloyd	96	—0.8
Oce Grinten	195.5	—1
Ommeren (Van)	39.2	+2.2
Pakhoed	52.8	+0.2
Philips	41.7	—1.5
Rijn-Schelde	4.2	+0.1
Robeco	316.4	—0.4
Rodamco	129	......
Rolinco	303.8	—0.7
Rorento	196	—0.5
Royal Dutch	132.5	......
Unilever	232	—0.8
VMF Stork	81	......
VNU	110.8	+1
West Utr Bank	96	—2

NORWAY

Nov. 8	Price Kroner	+ or —
Bergens Bank	133	......
Borregaard	158.5	—1.5
Christiania Bk.	136	—2.5
Den Norsk Credit	141	—5
Elkem	92.5	—5.0
[illegible]	[illegible]	[illegible]

SPAIN

Nov. 8	Price Pts.	+ or —
[illegible]	[illegible]	[illegible]

SWEDEN

Nov. 8	Price Kronor	+ or —
[illegible]	[illegible]	[illegible]

SWITZERLAND

Nov. 8	Price Frs.	+ or —
[illegible]	[illegible]	[illegible]

ITALY

Nov. 8	Price Lire	+ or —
[illegible]	[illegible]	[illegible]

AUSTRALIA

Nov. 8	Price Aust. $	+ or —
ANZ Group	5.60	+0.02
Acrow Aust.	1.25	......
Alliance Oil D.	0.90	+0.02
Ampol Pet	1.87	+0.02
Aust Cons Ind.	1.58	......
Aust. Guarant	2.70	+0.02
Aust. Nat. Inds	2.65	+0.02
Aust. Paper	2.26	+0.04
Bond Hldgs	1.10	......
Boral	3.14	—0.01
B'ville Copper	2.30	+0.05
Brambles Inds	3.03	+0.05
Bridge Oil	3.10	+0.10
BHP	12.7	+0.1
CRA	5.72	+0.02
CSR	3.72	+0.19
Carlton & Utd	9.75	......
Castlemaine	4.15	+0.03
Coles (G.J.)	0.65	+0.10
Comalco	0.20	+0.12
Consolidated Pet	0.53	+0.05
Costain	1.4	......
Dunlop	1.43	......
E.Z. Ind.	6.76	+0.18
Elders IXL	4.10	+0.05
Energy Res.	1.72	—0.03
Gen Prop Trust	1.95	......
Hardie (J.)	0.00	+0.18
Hartogen Energy	2.40	+0.05
Herald W'y Times	3.00	+0.02
ICI Aust.	2.07	+0.02
Jimb'lana (50cFP)	0.2	......
Kia Ora Gold	0.20	+0.01
Land Lease	4.5xc	+0.1
MIM	3.78	+0.02
Mayne Nickless	0.85	+0.03
Meekatharra	1.2	......
Myer Emp.	1.7	......
Nat.Com.Bk.	0.34	+0.01
News	6.80	+0.14
Nicholas Kiwi	2.9	+0.1
North Bkn Hill	0.35	+0.15
Oakbridge	1.05	—0.05
Otter Expl	0.6	......
Pancon	1.32	—0.05
Pioneer Conc	1.80	+0.03
Reckitt & Coln	2.10	......
Repco	1.24	+0.02
Santos	6.06	+0.06
Smith (H.)	3.45	......
Southland Min'g.	0.28	—0.01
Spargos Expl	0.34	—0.01
Thos. Natwide	1.90	+0.05
Tooth	5	......
UMAL Cons.	9.36	+0.01
Vamgas	0.5	+0.2
Western Mining	3.65	+0.07
Westpac	3.39	+0.01
Woodside Petrol	1.29	+0.05
Woolworths	2.56	+0.01
Wormald Intl	9.85	......

HONG KONG

Nov. 8	Price H.K.$	+ or —
Bank East Asia	20.3	—0.2
Carrian Invest	5.87	......
Cheung Kong	7.3	—0.25
China Light	14.1	—0.1
Hang Lung Devel.	1.56	—0.05
Hang Seng Bank	37	—1.5
HK Electric	5.6	—0.1
HK Kowloon Wh.	3.66	—0.16
HK Land	2.87	—0.13
HK Shanghai Bk.	7.5xd	—0.2
HK Telephone	35	—1
Hutchison Wpa	12.8	—0.3
Jardine Math	11.4	—0.5
New World Dev.	2.7	—0.07
Orient O'seas	2.7	—0.02
O'seas Trust Bk.	0.	—0.1
SKH Props.	4.9	—0.2
Swire Pac A	14.7	—0.3
Wheel'k Mard A	0.07	—0.08
Wheel'k M'time	1.5	......
World Int. Holdgs	1.5	......

JAPAN

Nov. 8	Price Yen	+ or —
Ajinomoto	992	—18
Alps Electric	2,310	+20
Amada	815	......
Asahi Chem	380	+1
Asahi Glass	665	+0
Bridgestone	562	—3
Canon	1,320	—20
Casio Comp.	1,370	......
Chugai Pharm	1,000	+8
Citizen	570	+9
Daiei	641	—1
Dai Nippon Ptg	866	—3
Daiwa House	620	+1
Ebara	351	......
Eisai	1,280	—20
Fanuc	8,050	—50
Fuji Bank	500	......
Fuji Film	2,000	—20
Fujisawa	902	......
Fujitsu	1,300	+10
Green Cross	1,760	—20
Hasegawa	460	......
Heiwa Real Est	627	+15
Hitachi	866	+1
Hitachi Credit	1,230	......
Honda	1,010	—20
House Food	963	+1
Hoya	1,170	—50
Itoh (C)	283	—2
Ito-Yokado	1,640	+10
Iwatsu	1,680	—15
JACCS	340	......
JAL	2,280	—20
Jusco	837	—30
Kajima	326	......
Kao Soap	600	+2
Kashiyama	630	+5
Kirin	449	—1
Kokuyo	823	—7
Komatsu	493	+7

JAPAN (continued)

Nov. 8	Price Yen	+ or —
Konishiroku	660	+10
Kubota	305	—2
Kumagai	450	......
Kyoto Ceramic	7,060	+40
Maeda Const	518	—2
Makino Milling	1,230	......
Makita	1,170	—30
Marubeni	278	+1
Marudai	606	+2
Marui	1,130	......
MEI	1,590	—10
M'ta Elec Works	565	—3
M'bishi Bank	500	......
M'bishi Corp.	540	—2
M'bishi Elec	422	+2
M'bishi Estate	471	—2
MHI	247	—4
Mitsui Co.	361	—1
Mitsui Estate	727	......
Mitsukoshi	350	+1
NGK Insulators	562	+1
Nihon Cement	206	—2
Nippon Denso	1,590	—15
Nippon Elect	1,340	+10
Nippon Express	275	......
Nippon Gakki	627	—9
Nippon Kokan	151	+1
Nippon Oil	1,115	+10
Nippon Seiko	570	—3
Nippon Shinpan	704	—1
Nippon Steel	166	—1
Nippon Suisan	317	—4
NTV	6,100	—200
Nippon Yusen	250	......
Nissan Motor	704	+3
Nisshin Flour	386	......
Nisshin Steel	142	—1
Nomura	682	+15
Olympus	980xr	—2
Omron Tateisi	1,690	......
Orient Leasing	2,310	......
Pioneer	2,770	—40
Renown	646	—8
Ricoh	1,030	+15
Sankyo	728	+19
Sanyo Elect	463	+3
Sapporo	358	......
Sekisui Prefab	606	—4
Seven-Eleven	5,300	—140
Sharp	1,300	—20
Shimadzu	010	......
Shionogi	800	+4
Shiseido	1,070	......
Sony	0,490	—10
Stanley	710	—9
S'tomo Elect	666	+0
S'tomo Marine	218	—7
S'tomo Metal	163	+4
Taihei Dengyo	565	—0
Taisei Corp	224	—0
Taisho Pharm	900	+2
Takeda	763	+3
TDK	4,770	+20
Teijin	384	+3
Teikoku Oil	811	+1
Tokio Marine	499	—4
TBS	700	—6
Tokyo Elect Pwr.	1,020	+10
Tokyo Gas	101	......
Tokyo Sanyo	563	......
Tokyo Style	830	......
Tokyu Corp	292	—2
Toppan Print	603	+0
Toray	405	—0
Toshiba	070	—2
TOTO	501	+9
Toyo Seikan	661	+14
Toyota Motor	1,270	+10
Victor	2,340	—40
Wacoal	675	—5
Yamaha	483	+0
Yamanouchi	1,610	+20
Yamazaki	796	—2
Yasuda Fire	327	......
Yokogawa	450	—1

SINGAPORE

Nov. 8	Price $	+ or —
Boustead Bhd	2.68	—0.05
Cold Storage	4.8	—0.05
DBS	9.1	—0.1
Fraser & Neave	5.9	......
Genting	4.58	—0.12
Haw Par	2.05	—0.02
Inchcape Bhd	2.67	—0.08
Keppel Shipyard	3.28	—0.04
Malay Banking	9.1	—0.15
Malay Brew	5.9	—0.05
Multi Purpose	1.70	—0.02
OCBC	10.7	—0.2
OUB	4.12	......
Sime Darby	9.31	—0.05
Straits St'mship	1.7	—0.05
Straits Trdg	5.4	—0.05
UO2	5.3	—0.1

SOUTH AFRICA

Nov. 8	Price Rand	+ or —
Abercom	2.60	......
AE & CI	8.54	+0.34
Anglo Am Coal	93.25	+1
Anglo Am Corp.	16.7	+0.45
Anglo Am Gold	114.5	+2.5
Barclays Bank	10	+0.5
Barlow Rand	12.75	+0.45
Buffels	60.5	+1.5
CNA Gallo	2.75	......
Currie Finance	0.2	......
De Beers	8.9	+0.2
Driefontein	33.75	+1.25
FS Geduld	41.25	+0.0
Gold Fields S.A.	91.75	+0.15
Highveld Steel	4.9	+0.15
Nedbank	13.25	......
OK Bazaars	95	......
Protea Hldgs	3.5	......
Rembrandt	22.2	+1
Rennies	11.2	......
Rustenburg	10.85	+0.25
Sage Hldgs	5.1	+0.1
SA Brews	7.05	—0.02
Smith (C.G.)	21.00	......
Tongaat Hulett	9.2	......
Unisec	0.60	......

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

Indices

NEW YORK-DOW JONES

	Nov 8	Nov 7	Nov 4	Nov 3	Nov 2	Nov 1	1983 High	1983 Low	Since Compil'n High	Since Compil'n Low
Industrials	1214.84	1214.84	1218.29	1227.13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Transport	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Utilities	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Trading vol 000's	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]				

STANDARD AND POORS

Industrials	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Composite	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

N.Y.S.E. ALL COMMON — RISES AND FALLS — MONTREAL — TORONTO

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U.S. INDICES: CLOSING VALUES. YESTERDAY'S CANADIAN INDICES: LATEST AVAILABLE

	Nov. 8	Nov. 7	Nov. 4	Nov. 3	1983 High	1983 Low
AUSTRALIA All Ord. (1/1/80)	796.5	695.2	698.8	587.7	758.7 (12/8)	487.8 (4/1)
Metals & Mins. (1/1/80)	524.4	317.9	508.1	510.2	514.2 (5/8)	411.8 (4/1)
AUSTRIA Credit Aktien (2/1/62)	54.25	55.22	55.75	55.72	[illegible]	[illegible]
BELGIUM Belgian SE (31/12/63)	126.50	126.36	125.91	122.20	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(**) Saturday Nov. 5: Japan Nikkei-Dow 9317.20 TSE 682.21. Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u Unavailable.

Gilts improve despite disappointing money statistics but leading shares close mixed

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Oct 31	Nov 10	Nov 11	Nov 21
Nov 14	Nov 24	Nov 25	Dec 5
Nov 28	Dec 8	Dec 9	Dec 19

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equity markets finally bowed to Wall Street's current indecision but by the end of the session it was a pretty close run contest. Largely reflecting the New York trend, leading shares were initially marked down by dealers on their guard against profit-taking after the recent sustained rise or possible nervous selling engendered by the international situation.

Top-quality shares, however, soon demonstrated their underlying resilience to adversities such as heightened Middle East tension, CBI frustration over Government economic policies and the latest rift in Anglo/U.S. relations. Little of the expected selling materialised and, on renewed small demand, leading shares attempted to regain their overnight levels.

Some were successful, others were not and the small mixed closing movements of FT Industrial Ordinary share index constituents typified the overall equity market performance; 13 index constituents ended lower, nine were higher and the remainder unchanged. After posting a fall of 2.3 at the first calculation of the day, the index closed 1.3 down on balance at 720.1.

Individual features were fewer than for some time with Eagle Star Insurance barely affected by the announcement that Allianz was considering countering BAT Industries' offer.

French Connection's debut in the Unlisted Securities Market was in stark contrast to that expected. Much criticism was voiced as the shares dropped from an opening 123p, the offer-for-sale price, to 112p, quite remarkable for an issue over-subscribed 11 times on application. Late in the afternoon, French Connection rallied to 123p helped by shop support and other buying.

Government securities took encouragement from the slightly improved tone of U.S. bonds overnight. Renewed small demand took longer-dated stocks up ½ awaiting banking October's money statistics. These were announced at 2.30 pm and the suggested rise of 1.5 per cent in sterling M1 failed to please. Gains consequently were pared to ¼ but late in the session interest revived and quotations went back to the best levels of the day.

Eagle Star volatile

Eagle Star remained a volatile market awaiting bid developments and, after slipping to 600p, rallied to 620p following the statement from Allianz before drifting back to close 7 cheaper on balance at 608p. Elsewhere in Composite Insurances, Commercial Union, 176p, and General Accident 432p, closed unchanged awaiting third-quarter figures, due today. Life issues traded with an easier bias, but Lloyd's brokers made small headway.

Increasing optimism about the world debt situation helped sentiment among the major clearing banks, which made modest progress in thin trading. Discount Houses had Cater Allen 10 higher at 400p following the increased interim dividend and the board's statement and King and Shaxson 5 down at 102p on disappointment with the unchanged interim dividend.

Whitbread, a relatively stable market recently, dipped 6 to 143p as some market operators expressed disappointment with interim profits at the lower end of general estimates. Other Breweries were usually resilient, although Bass gave up 3 to 320p, and Scottish and Newcastle eased a couple of pence to 92p. Arthur Guinness held at the overnight level of 110p despite the announcement that Irish drink prices are set to rise tomorrow—the third increase so far this year. Elsewhere, adverse comment clipped a couple of pence more from Distillers, 224p.

Leading Buildings opened a shade easier and usually stayed that way, but secondary issues displayed several significant movements. Brick concern Ibstock Johnsen touched 168p before closing a net 6 up at 164p on vague talk of a possible merger with Steetley, 5 up at 210p, after 213p; the former were also the subject of a broker's seminar yesterday. Elsewhere, H.A.T. Group encountered nervous selling ahead of next Tuesday's interim results and shed 5 for a two-day fall of 10 to 105p. Profit-taking in the wake of the half-year results clipped 4 from Tysons (Contractors), to 58p, while Derek Crouch, firm last Friday reflecting the efforts of a single buyer, came back 5 to 55p. Milbury shed 7 to a low for the year of 78p: the company's offer for Westminster Property was declared unconditional yesterday.

Business in ICI contracted further and the shares fluctuated narrowly before settling a couple of pence cheaper on balance at 588p.

Stores subdued

Institutional investors again shied away from major Retailers and movements were usually restricted to a couple of pence either way. Burton, however, stood out with a gain of 4 at 364p; the preliminary results are expected towards the end of the month. Vague rumours of a possible interest in Grattan clipped Habitat Mothercare 4 to 286p, after 284p; Grattan, the subject of call option business, were unchanged at 50p. Still responding to the contract to supply jeans to the Hungarian market, Lee Cooper added 3 for a two-day gain of 8 at 123p.

The forecast of marginally lower annual profits caused marked weakness in Kode International, which closed 48 down at 257p. Other high technology stocks presented a mixed appearance; UEI reacted 10 to 180p and United Scientific a like amount to 355p, but Immediate Business Systems improved 6 to 150p, while CPU Computers ended 5 up at 117p. Elsewhere, revived demand left Security Centres 15 higher at 245p.

Engineerings again tended to be neglected, although trading statements resulted in the occasional noteworthy movement. Satisfactory preliminary results left Yarrow 10 to the good at 325p, while F. H. Lloyd put on 3 to 30p in response to increased interim profits. Continuing losses at the half-way mark, however, prompted a reaction of 5 to 71p in Porter Chadburn. Elsewhere, Tace encountered scattered selling and gave up 4 to 128p, and James Neill lost a like amount to 41p on profit-taking.

The undertone in Foods remained firm, but gains rarely exceeded a couple of pence. Ranks Hovis McDougall registered an above-average rise of 4 at 75p on talk of an increase in bread prices. Cadbury Schweppes attracted occasional support and firmed 2 to 110p. J. Sainsbury held at 427p awaiting today's half-timer. Elsewhere, Paterson Jenks, at 162p, relinquished 3 of the previous day's speculative gain of 10.

Prince of Wales Hotels jumped 8 to a 1983 peak of 135p on talk that 350,000 shares had been put through the market at around 134p per share.

De La Rue good

Interest in the Miscellaneous Industrial leaders failed to expand from the recent low level. Most quotations ended with little alteration on the day, although late support left Pilkington 8 higher at 243p. Reflecting satisfactory interim results, De La Rue closed 20 higher at 570p, after 580p, while, in sympathy, Portals put on a similar amount to 595p. Cornell featured with a rise of 15 to 250p on hopes of early news on the proposed merger with Polly Peck. Associated Telecommunications, in contrast, remained a nervous market and fell 10 further to 88p. Profit-taking left Bridport-Gundry 3½ lower at 68p and Fitzwilton 5 cheaper at 64p. Dominion International gained 6 to 126p on revived talk of a possible flotation of Planned Savings, while Staffordshire Potteries hardened a penny to 50p in response to the chairman's encouraging statement at the annual meeting. Other firm spots included Aeronautical and General, 7 higher at 312p, Centreway, 4 up at 54p, and Nash Industries, 5 better at 63p. London and Liverpool, on the other hand, eased 4 further to 46p and Consultants were noteworthy for a fall of 15 to 585p.

Among Travel issues, Horizon shed 6 to 125p on suggestions that the package holiday price-war was set to escalate. Owners Abroad softened a fraction to 27½p; the company has agreed to acquire and subsequently lease to Dan-Air a Boeing 727-217 aircraft.

A depressed market of late, Fleet Holdings attracted a brisk trade and rallied 4 to 119p; Mr Robert Holmes à Court has lifted his holding, via Associated Communications (Channel Islands), to 6.3 per cent. Elsewhere, John Waddington were again in demand in the wake of the impressive interim profits recovery and closed 5 better at 290p, while Usher-Walker rose 8 at 118p in response to the interim results.

In the Property sector, interim profits much in line with market estimates left Rush and Tompkins 4 cheaper at 192p, while disappointment with the property revaluation accompanying the preliminary statement left London and Provincial Shop Centres the same amount lower at 282p. Allnatt London held at 228p despite the increased half-year profits, while C. H. Beazer, a rising market recently, touched 290p before closing without alteration at 286p, the good results having been discounted. Elsewhere, Imry shed 10 to 280p; Norwich Union Insurance has reduced its stake in the company to below 5 per cent. Trust Securities encountered selling and, in an unwilling market, shed 4 to 35p, but Five Oaks hardened a penny for a two-day gain of 4 to 30p in response to Press comment.

Proceedings among Shippings were again dominated by P & O Deferred which attained a new 1983 high of 247p before closing 3 up on balance at 246p reflecting increased optimism that Trafalgar House will be allowed to proceed with its bid; Sterling Guarantee has increased its stake in P & O Deferred to around 3 per cent.

Continued nervousness about the bullion price made for another dull showing in South African Industrials; a noteworthy exception was provided by Barlow Rand, which firmed 30 at 730p in the wake of the preliminary results.

Textiles traded quietly and generally without distinction. Yorkshire were marked 13 lower to 285p following the interim results, while Shaw and Marvin, revealing increased annual losses, dipped to a 1983 low of 9p before rallying to close a net penny up at 12p on consideration of the cautiously optimistic statement.

In Tobaccos, Rothmans International added 2 at 114p following the revision of a broker's profits forecast after the encouraging performance of the Canadian offshoot.

Citicorp's move to acquire a near-30 per cent stake in Vickers da Costa stimulated increased interest in London-quoted stockjobbers Akroyd and Smithers, 6 up at 478p, and Smith Brothers, 4 better at 60p, both issues attaining new highs for 1983.

The Iranian threat to block the strategic Strait of Hormuz prompted an initial upward flurry in Oil shares. Interest soon fizzled out, however, and quotations tended to drift back from best levels. BP settled a couple of pence higher at 432p, while Shell, awaiting tomorrow's third-quarter figures, closed 4 dearer at 566p. Among the Irish exploration stocks, Atlantic Resources were a fairly lively market but eventually succumbed to profit-taking at 660p, down 20. Eglinton contrasted with a rise of 15 to 290p.

Teas received a fillip from the continued buoyancy of the commodity price at Monday's London auction when prices are standing at the highest level for over six years. Gains ranged into double-figures, McLeod Russel, 210p, and Lawrie, 655p, rising 13 and 10 respectively. Eastern Produce added 8 at 153p. James Finlay, additionally helped by a broker's circular, rose 3 to 119p; the price in Monday's issue was incorrect.

Golds race ahead

Widespread and often substantial gains were the order of the day throughout the majority of mining markets.

South African Golds looked much healthier and raced ahead in initial dealings, boosted by the early strength of the bullion price which approached the $384 an ounce level before easing in the afternoon to close a net $3 firmer at $381.625.

Similarly, share prices failed to hold their initial rises and gradually eased back although closing levels remained sufficiently strong to produce an advance of 17.7 to 492.2 in the Gold Mines index.

Top performers in the heavyweights included Hartebeest and Randfontein, up £1½ apiece at £39½ and £74½ respectively, while cheaper-priced issues were highlighted by "Saiites," 25 firmer at 368p, and Deelkraal, 17 to the good at 253p.

Financials improved across the board with the notable exception of "Amcoal" which dipped ⅛ to £13½ ahead of the interim profits setback. Anglo American Corporation, due to announce interim results on November 24, edged up ¼ to £10⅛, Gencor put on ½ to £14¼ and Genbel 25 to 975p. In Diamonds, De Beers closed 16 to the good at 505p.

A late rally in copper prices on the London Metal Exchange prompted good demand for recently unsettled Rio Tinto-Zinc, up 8 to 553p, Gold Fields, a like amount firmer at 475p, and Charter Consolidated, 3 harder at 222p.

Australians remained a strong market as another good showing by overnight Sydney and Melbourne markets followed the Australian Labor Party's decision to allow a go-ahead for uranium mining at Olympic Dam in South Australia.

Among the uranium issues, Peko-Wallsend continued the recent upsurge with a rise of 12 to 382p.

Elsewhere, MIM Holdings rose 6 to 232p and Whim Creek 10 more to 168p, the latter in the wake of the record profits and plans to double gold production.

Junior oil explorers were featured by Cultus Pacific and Vork Resources, which rose 3 apiece, to 20p and 25p respectively, reflecting their interests in the Moki 1 exploration well currently being drilled in the Taranaki Basin off the coast of New Zealand.

The weekend announcement that traces of oil had been discovered in Moki 1 sparked a rush of speculative buying of other participants in the well on New Zealand's Auckland and Wellington stock exchanges on Monday.

Quieter conditions again prevailed among Traded Options where total contracts struck amounted to 1,928. Shell Transport were relatively active on rumoured events in the Middle East and recorded 132 calls and 150 puts with investors additionally boosted ahead of tomorrow's third-quarter figures. Commercial Union, third-quarter figures due today, attracted 131 calls, while Lasmo and Land Securities recorded 179 and 176 calls respectively; the last-mentioned announces interim figures next Monday.

FINANCIAL TIMES STOCK INDICES

	Nov. 8	Nov. 7	Nov. 4	Nov. 3	Nov. 2	Nov. 1	year ago
Government Secs.	82.09	81.90	82.02	82.24	82.22	82.34	84.94
Fixed Interest	85.08	84.97	85.08	85.17	85.17	85.16	85.43
Industrial Ord.	720.1	721.4	712.3	714.7	707.6	706.2	632.6
Gold Mines	492.2	474.5	484.2	466.2	477.9	444.5	575.9
Ord. Div. Yield	4.75	4.75	4.76	4.75	4.82	4.84	4.86
Earnings, Yld.% (full)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
P/E Ratio (net) (*)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total bargains	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity turnover £m.	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Equity bargains	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Shares traded (mI)	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

10 am 719.1. 11 am 719.3. Noon 719.4. 1 pm 720.2. 2 pm 720.2. 3 pm 720.4.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil = 12.46.

† Corrected.

HIGHS AND LOWS

	1983 High	1983 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	83.50 (18/5)	77.00 (24/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	85.17 (3/11)	79.05 (1/2)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	740.4 (22/9)	598.4 (12/1)	740.4 (22/9/83)	49.4 (26/6/40)
Gold Mines	734.7 (15/2)	444.6 (1/11)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY

	Nov. 7	Nov. 4
—Daily Gilt Edged Bargains	158.5	182.6
Equities Bargains	106.4	103.8
Value	618.6	440.9
5-day Average Gilt Edged Bargains	176.0	188.6
Equities Bargains	109.0	108.6
Value	411.2	430.7

NEW HIGHS AND LOWS FOR 1983

NEW HIGHS (37)

BRITISH FUNDS (1)
Exchqr. 3pc 1984

INT. BK. & O'SEAS GOVT. STLG. ISS. (2)
N.Z. 11½pc 2008, Sweden 13¼pc Ln 2010

LOANS (1)
Nationwide Bldg. Soc.

AMERICANS (1)
Eaton Corp.

CANADIANS (1)
Bell Canada

BANKS (1)
Hill Samuel

CHEMICALS (1)
Hoechst Fin.

STORES (1)
Preedy (Alfred)

ENGINEERING (1)
Carclo Eng.

FOODS (1)
Freshbake Foods

HOTELS (1)
Prince of Wales

INDUSTRIALS (4)
Aero Needles, Nash Inds., Anglo African Fin., Reed Internatl., Continental Group, Renown, Hartons

INSURANCE (1)
Marsh & McLennan

LEISURE (1)
HTV N-V

MOTORS (1)
Norman Smith

PAPER (1)
Waddington (J.)

PROPERTY (1)
Marlborough

SHIPPING (1)
P. & O. Defd.

SHOES (1)
FII

TRUSTS (4)
Camellia Inv., Akroyd & Smithers, Channel Is. Cap., Smith Bros.
Claremont Pet., Moonie Oil

PLANTATIONS (3)
Lawrie Plant., Williamson Tea, McLeod Russel

MINES (1)
Cultus Pacific

NEW LOWS (12)

BUILDINGS (2)
H.A.T.

ELECTRICALS (1)
Kode Internat.

INDUSTRIALS (3)
Assoc. Telecom., G.R. (Hldgs.)

MOTORS (1)
Technotan

PROPERTY (1)
Edmond Hldgs.

TEXTILES (1)
Shaw & Marvin

TRUSTS (1)
Naw Par

OILS (1)
Tri-Basin Res.

MINES (1)
Admiral Mines

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	85	2	14
Corpns. Dom. and Foreign Bonds	13	3	61
Industrials	184	240	963
Financial and Prop.	76	111	338
Oils	31	19	65
Plantations	5	7	a
Mines	85	16	64
Others	66	45	62
Totals	545	443	1,575

OPTIONS

First Deal-ings	Last Deal-ings	Last Declara-tion	For Settle-ment
Nov 7	Nov 18	Feb 9	Feb 20
Nov 21	Dec 2	Feb 23	Mar 5
Dec 5	Dec 16	Mar 8	Mar 19

For rate indications see end of Share Information Service

Demand for Options contracted and calls were arranged in Briden, Grattan, Nova (Jersey) Knit, Parkfield Foundries, Samantha, RHP, Trident TV A, Ramar Textile, Yelverton, Carpets International, House of Fraser, Steinberg and Derma-Lock. A put was taken out in Consultants (Computer and Financial), while doubles were done in First National Finance and London and Liverpool.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing Price	Day's Change
Atlantic Res.	660	−20
Cornell	250	+15
Eagle Star	608	−7
Fleet Hldgs.	119	+4
H.A.T.	105	−5
Hogg Robinson	128	+2
Ibstock Johnsen	164	+6
Kode Int'l.	257	−48
Peko-Wallsend	382	+12
RTZ	553	+6
Western Mining	224	+4
Whitbread 'A'	143	−6

MONDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Mon. close	Day's change
Southwest Res	16	70	+13
Eagle Star	13	615	+17
Tysons (Cntrs)	13	62	+10
Trafalgar Hse	12	178	+ 3
Mercantile Hse	11	374	+20
Applied Cmptr	10	405	+13
BAT Inds	10	156	− 5
Barclays Bank	10	445	−10
Glaxo	10	733	− 2
Grand Met	9	327	+ 2
Midland Bank	9	385	− 8
RIT & Northern	9	233	− 4
RTZ	9	545	−17
Shell Trans	9	562	+ 8

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

Renunciation date usually last day for dealing free of stamp duty. ... and yield based on prospectus or other official estimates for 1983-84. Q Gross. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. ◆ Figures or report awaited. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. ‡ Effective issue price after scrip. † Formerly dealt in under special rule. †† Dealt in under Rule 163 (3). ✱ Unlisted Securities Market. *Comprising of 10 New ordinary plus 1 Series 2 Warrant.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 10,602

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option	Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
Imperial Group (*134)						
110	24	27	98	0½	1	8
120	14	17½	12	0¾	2½	4
130	6	9½	12½	2½	6	7
140	1½	4½	7	2	10	12

Nov. 8. Total Contracts 1,928. Calls 1,392. Puts 536
* Underlying security price.

FT LONDON SHARE INFORMATION SERVICE

BRITISH FUNDS

1983 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100	98	Exch. 10pc 1983	100xd	.....	9.98	0.72
99	96¼	Funding 5½pc '82-84‡‡	99	.....	5.53	9.13
101¼	99½	Exch. 11¼pc 1984	100	.....	11.19	8.83
104	100	Exchequer 14pc. 1984	102 xd	–	13.67	9.38
96	92½	Exch. 3pc 1984	96	+	3.10	8.88
102	100	Treasury 12pc 1984	102	.....	11.74	9.05
107	104	Treasury 15pc 1985	105	–	14.20	10.11
107	101	Exch. 12pc Cnv. '85	102	+	11.69	9.87
93⅝	88	Treasury 3pc 1985	93 xd	.....	3.20	7.49
102½	99	Treasury 11½pc 1985	102	+	11.26	10.05
102	95	Treas 8¼pcCnv '85	96	+	8.92	9.96
103	100	Exch. 12¼pc 1985	103 xd	+	11.86	10.41
102	99	Exch. 11¼pc '86	102	+	11.47	10.38
101	97	Treas 10pc Cnv 1986	100	+	9.94	9.69
88½	85	Treasury 3pc 1986	88xd	.....	3.40	8.25
101	97	Exch. 10½pc Cv '86	100 xd	+	10.48	10.42
103	100	Treasury 12pc '86	103xd	+	11.63	10.60
95	94	Treasury 8¾pc '84-86‡‡	95	.....	8.88	10.36
114	107	Treas. 12¾pc '86 Cnv.	108	+	11.27	0.54
109	105	Exch. 14pc 1986	107	+	12.98	10.83
107	103	Exch. 13¼pc 1987	106	+	12.49	10.91
99	95	Tr 10¼pc Cv '87	98	+	10.36	10.61
84	80	Exchequer 2½pc 1987	82	.....	5.02	8.57
100	95	Exch. 10½pc 1987	99	+	10.59	10.80
93¼	88	Funding 6½pc '85-87‡‡	90	+	7.19	9.90
61	59	Treas. 10pc '87 (£60pd)	60	+	10.23	10.76
86	80	Treasury 3pc 1987	81	+	3.67	8.96
104	99	Treas 12pc 1987	103	+	11.62	10.92
93¼	89	Treasury 7¾pc '85-88‡‡	90	+	8.53	10.50
101½	95½	Exch 10½pc '88	99xd	+	10.59	10.72
60	59	Tres 9¾pc Cv'83 (£60pd)	60	+	10.08	10.67

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

Prospective real redemption rate on projected inflation of (1) 10% and (2) 7%

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INDUSTRIALS—Continued

1983 High	1983 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's	P/E
60	35	Kean & Scott Hldgs	49	......	M1.0	—	2.1	—
23	9¾	Keep Trust 5p	12¼	......	t0.15	—	‡	—
210	140	Kelsey Inds	185	......	8.0	[illegible]	6.2	12.7
155	110	Kershaw (A.) 5p	140	......	t15.0	[illegible]	‡	(21.1)
80	39	Kleen-E-Ze Hldgs.	70	......	3.0	[illegible]	6.1	—
101	52	L.C.P. Hlds	88	......	3.6	[illegible]	5.8	(9.3)
32	14	LDH Group	27	......	—	—	—	♦
132	93	L.R.C. Int. 10p	110	–1	h2.95	[illegible]	3.8	24.4
34	17	Lamont Hldgs. 10p	32xd	......	t1.3	[illegible]	5.8	12.6
41	26	Lawtex	41	......	—	—	—	♦
480	345	Lep Group 10p	460	......	17.5	[illegible]	5.4	63.8
48	22	Lilleshall 10p	42	–3	d1.0	—	3.4	—
350	39	Lon. & Liv. 10p	46	–4	h2.75	3.5	8.5	4.1
135	97	London & Mid'd.	108	+1	7.75	1.1	10.2	12.1
110½	38	Lon. & Nthn. Grp.	63	......	F4.2	2.0	9.8	8.7
40	23	Lon. Priv. Health	23	......	—	—	—	11.5
65	46	Longton Inds.	57	......	1.0	—	2.5	—
120	70	Low & Bonar 50p	110	......	t5.0	2.8	6.5	(6.2)
48	32½	MCD Group	45	......	d1.0	2.2	3.2	20.5
87	62	MMT Computing 5p	82	......	b1.68	2.6	2.9	19.1
26	16	M.Y. Dart. 10p	23xd	......	20.25	—	1.6	—
212	134	McC'rthy Pk. 20p	146	......	7.0	2.7	6.8	6.9
148	128	Macfarlane Gp.	135	......	t3.52	2.1	3.7	16.5
46	33	Madeline 20p	34	......	d0.5	1.6	6.3	12.2
63	36	Macpherson (D.)	41	–1	4.2	0.6	14.6	(14.2)
56	41	Magnolia Group	54	......	2.3	3.2	6.1	6.3
180	65	Man. Ship Can. £1	132	–2	3.5	6.8	3.9	4.0
77	48	Marley	75	–1	t2.5	0.9	4.2	(7.0)
45½	30½	Marling Ind. 10p	41	......	1.08	1.7	3.8	(16.9)
34	25	Marshall L'xy. "A"	26	......	t1.2	—	‡	—
68	44	Marshall's Univ	56	......	8—	—	—	18.5
32½	23	Martin-Black	29	......	—	—	—	—
£130	£83	Williamson 7¾%	£90	......	Q7¾%	2.3	8.9	—
274	154	Metal Box £1	272	–2	11.55	1.8	6.1	(8.9)
131	104	Metal Closures	123	......	2.7	1.8	6.6	(8.8)
33	20	Metal Sciences 2½p	24	–1	—	—	—	—
14	6	Metamec Jentique	14	......	t0.5	—	‡	—

LEISURE—Continued

1983 High	1983 Low	Stock	Price	+ or –	Div. Net	C'vr
100	80	Black & Edgtn.	72	......	♦—	—
178	118	Boosey & Hawkes	160xd	......	t2.3	1.5
61	32	Campari Int. 20p	40	–5	t02.73	1.2
170	160	Central TV N/Vtg 50p	160	......	—	—
36	23	Fairline Boats 10p	36	......	t01.0	—
39	14½	GRA Group 5p	38½	......	—	—
61	45	Grampian TV A 10p	61	......	3.6	2.9
184	136	HTV Non-Vtg	184	+1	11.0	2.2
222	118	Horizon	125	–6	t3.6	5.7
162	91	Intasun 10p	142	......	4.0	4.5
60	22	Interstate Vtge 10p	28	–1	1.0	2.1
380	258	Juliana's Hldgs 5p	380	......	b4.9	2.4
185	139	LWT "A"	182	–3	11.08	1.1
147	55	Leisuretime Int 10p	58	–2	g1.54	2.8
132	108	Mngmt. Ag. M. 10p	113	......	8.75	1.6
72	52	Medminster 10p	69xd	......	4.4	♦
170	110	Miss World Grp 10p	160	......	b3.0	2.5
23	17½	Nationwide 5p	20	+½	—	—
128	31	Nimslo Int 20c	32	+1	—	—
128	45½	Norton Opax 10p	113	......	t2.17	4.3
30	22½	Owners Abroad	27¼	–¼	0.5	4.5
47	36	Photax (Lon.)	38	......	—	—
153	90	Pleasurama 5p	122	......	1.5	♦
345	217½	Pleasurama 5p	343	–2	15.75	4.5
173	108	Radio City 'A' NV	135	......	5.6	1.6
209	138	Riley Leisure 10p	190xd	......	t3.95	1.7
132	83	Saga Hols. 20p	103	+3	d3.73	—
515	345	Samuelson Grp £1	385	......	t012.0	2.8
108	94	Scott. TV 'A' 10p	107	+2	7.35	2.2
68	28	SelecTV 10p	44	+2	—	—
24	15½	TSW 5p	20½xd	......	1.2	♦
77	90	TVS N/Vtg 10p	75	......	—	—
29	19	Television Serv 10p	21½	......	b0.2	3.3
114½	64	Trid'nt TV 'A' 10p	112	–1	t♦4.26	1.4
180	105	21st Century Dist	120	......	—	—
24	15	Webb (Jos.) 5p	18	......	d0.51	0.5

MOTORS, AIRCRAFT TRADES

Motors and Cycles

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Components

Garages and Distributors

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MINES

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Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—continued

Australians

1983 High	1983 Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
28½	13½	ACM 20c	10	+½	—	—	—
52	32	Allstate Expln NL	48	+2	—	—	—
40	9	Australis Mng. NL	25	+½	—	—	—
25	11	Balmoral Resources	15	......	—	—	—
60	34	Black Hill Mins.	35	+1	—	—	—
85	51	Bond Corp.	70	–1	Q10c	♦	9.2
183	116	Bougainville I Kina	144	+2	m03.21	1.2	14
372	204	CRA 50c	351	+5	t03c	—	0.5
145	60	Carr Boyd 20c	68	......	—	—	—
38	25	Central Kalgoorlie	35	......	—	—	—
43	18	Central Pacific	24	......	—	—	—
9	2¾	Cons Gold Mng Areas.	2¾	+¼	—	—	—
17	5	Coopers Res N.L.	8½	......	—	—	—
255	183	Crusader Oil	204	+10	—	—	—
20	8	Cultus Pac NL	20	+3	—	—	—
19	7	Eagle Corp 10c	14	+2½	—	—	—
215	96	Emperor Mines	154	+2	—	—	—
14	0	Endeavour 20c	9½	......	—	—	—
58	17	Enterprise Gld Mines	23½	–½	—	—	—
810	500	GM Kalgoorlie 25c	530	......	hQ10c	♦	1.2
24	6	Grt. Eastern Mines	11	......	—	—	—
17	9	Great Victoria Gold	9	......	—	—	—

Tins

Miscellaneous

NOTES

REGIONAL AND IRISH STOCKS

OPTIONS

3-month Call Rates

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AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

Authorised Units—continued

Atlanta Unit Trust Managers Ltd.
1 Founders Ct. Lothbury, EC2. 01-600 8664

Jap & Far East	—	50.0	....	1.0

Baillie, Gifford and Co Ltd
2 Glenfinlas St. Edinburgh. 031-225 2581

JanExOct20	136.0	143.5	....	0.35
IntEq*Nov2	224.0	337.2	....	1.52
BGPPn†D15	214.2	225.5	....	—

†Next dealing day.
*Unauthorised.

Equity & Law Un Tst Mngrs (o) (b) (c)
Amersham Rd. High Wycombe. 0494 33377

Euro Tst Acc	60.3	64.8	—0.1	1.41

Robert Fleming & Co Ltd
8 Crosby Square, EC3A 8AN. 01-636 6858

AmExFd*	£257.53	263.31	....	0.69
JapExFd*	£169.56	184.05	....	1.16

Next subscription day Nov 1 1063.
*Fleming American Property Unit Trust.
Latest issue price (15.11) US$10.021.
Units are issued on Feb 15, May, Aug, Nov.
*Fleming Property Unit Trust.
Latest issue price (29/9) £2.070.
Units are issued on March 25, June 24, Sept 29 & Dec 25.
*Unauthorised.

Guardian Royal Ex Unit Mngrs Ltd (o)
Royal Exchange EC3V 3LS. 01-638 2020.

Gilt & Fixed	114.4	118.9	+0.3	9.80
Growth Eq	06.6	107.2	—0.4	2.55
Guardbill	182.1	165.7xd	—0.2	3.38
Nth Amer	92.7	99.7xd	+0.1	1.60
Pacific	101.9	109.6xd	+0.1	0.39
Prop Shares	103.7	111.6	—1.0	2.06
Smaller Cos	106.2	113.2xd	—0.7	1.87

H.B.L. Unit Trust Mngrs Ltd (a) (c) (g)
Premier NT Admin, 5 Rayleigh Rd. Hutton, Brentwood, Essex. 0277-227300.

SmllrCosTst	51.5	54.2	—0.3	4.33
Nth Amer	47.7	50.2	—0.1	1.57
Japan Far Tst	52.6	55.0xd	+0.2	1.31
Scandinvn Tst	47.6	50.1	—0.5	1.50

Hexagon Services Ltd
4 Gt St Helens, London EC4P 3EP. 0708 45322

AustnFrs	107.3	112.9	+0.8	2.60
Brewin Cap	80.5	84.6	....	—
Brewin Int	70.5	77.4	....	—
Canada Grw	105.4	113.4	....	—

Lawson Fund Managers Ltd (a) (c) (g)
43 Charlotte Sq. Edinbgh 3. 031-225 6001

Charltt Sq Fd	52.5	54.5	....	4.6
Pen Shr Fd	13.8	14.6	+0.1	1.6

Aust & Pac	7.8	7.8	....	0.8
High Yield	19.2	20.7xd	....	10.4
Do Accum	31.3	22.8xd	....	10.4

MGM Unit Managers Ltd
MGM House, Heene Road, Worthing. 01-623 8211

High Inc	123.0	132.3xd	—0.1	6.88
(Accum Uts)	126.9	138.6xd	....	6.80
UK Growth	116.0	127.0xd	....	3.11
(Accum Uts)	120.4	129.5xd	....	3.11

MLA Unit Trust Management Ltd
Old Queen St, SW1A 0JG. 01-222 0576

MLA Uts	186.4	195.6	+3.5	2.74
MLA Itn	26.0	29.3	+0.1	0.65

The Money Market Trust
03 Qa Victoria St. EC4N 4ST. 01-236 0952

Call Fund	—	—	....	8.80
7 Day Fund	—	—	....	6.96

*Unauthorised—Sterling Deposit Fund.

Scottish Unit Managers Ltd
29 Charlotte Sq. Edinburgh. 031-226 4373

Pacific Fund	23.0	37.1	....	0.30
World Growth	23.9	25.9	—0.1	0.77
World Grwth	23.9	35.9	....	0.37
Income Fund	23.0	25.8xd	....	4.93

Offshore and Overseas—continued

Actibonds Investment Fund SA
37 rue Notre Dame, Luxemb'rg. Tel 47971

Actibonds Ia	—	$20.01	....	—

Alliance Capital Management Intl Inc
62/63 Queen St, London EC4. 01-240 8881
Alliance International Dollar Reserves
Distribution Oct 26-Nov 3 (0.003094) (8.89%)

HealthCrNov3	—	$8.58	....	—
TechnologyNv3	—	$22.75	....	—
QuasarNov3	—	$46.39	....	—

Aries Fund Managers Limited
PO Box 284, St Helier Jersey. 0534 72177

SterlingFixedInt	10.67	10.57	+0.08

Bamford Brandt Guernsey Mngt Ltd
PO Box 71, St Peter Port, Guernsey. 0481 26841

Tech&Coms	£7.65	8.12	....	—
IntGrowth	$16.32	17.33	....	—

Brown Shipley St Co (Jersey) Ltd
PO Box 583, St Helier, Jersey. 0534 74777

StlgCapital	£16.43	16.44	+0.01	—
IntCurrency	£1.08	1.14	—0.01	—
IntBondInc	$10.48	11.07	....	—
IntBondAcc	$10.48	11.07	....	—

GAL Investments (IoM) Ltd
16 St Georges St Douglas IoM. 0624 30231

CAL C&C*	83.7	88.1	....	—
CAL Metals	95.1	100.1	....	—
CAL Silv**	224.7	238.3	+6.1	—
Cal Gld**	69.1cts	93.0	+0.3	—
CAL Copper**	—	—	....	—
CAL Alum**	67.1	91.7	—1.5	—

*Dealing days every Monday.
**Dealings daily.

CAL Investments (Bermuda) Ltd
PO Box 1022, Hamilton, Bermuda. (809-29) 5-5950

CAL CTR Fd	65.2	71.6	....	—

Dealing days every Monday.

Commodity Advisory Svcs (IoM) Ltd
48 Athol St. Douglas. IoM. 0624-20645

Com&FFAc	64.23	67.74	....	—
Com&FFD	64.23	67.64	....	—

Next dealing date Oct 2.

Citibank (CI) Ltd "Citifunds"
Channel Is Transatlantic Inv Funds Ltd
Green St. St Helier. 0534-70334

U.S. $ Fd	310.63	+0.003	—
£ Sterling Fd	£5.180	+0.001	—
SwFrancFd	SwFr20.284	—	—
Jap Yen Fd	Y2,043.204	+0.284	—
Deutschmk Fd	DM30.295	+0.092	—
Managed Fd	510.134	+0.002	—
Citicarn Fd	9.390	....	—

Dunvest Ltd
PO Box 887, Grand Cayman.

NAV	$136.20	—

EBC Trust Company (Jersey) Ltd.
1-3 Seale St St Helier, Jersey. 0534-36331

US $ Dep Sh't/A	1.2965	....	—
Do Dist	1.6150	....	9.12
Mad Cor Sh't/B*	1.1300	....	7.98
Do Dist	0.9403	....	7.90
Eurobd Lng Tm	23.86	....	11.18

Lazard Brothers & Co (Jersey) Ltd
PO Box 108, St Helier, Jersey, CI. 0534 37361

LazBrFarE	$14.03	14.93	....	1.00
CpBGd	$140.79	142.12	....	11.02
D'bold6Bd	$10.21	10.28	....	5.0
N Am Fd	$10.13	10.77	—0.05	5.0

Lloyds Bank International, Geneva
PO Box 438, 1311 Geneva 11 (Switzerland)

L I Dollar	$98.1	101.2	—0.1	10.3
L I Grwth	SF861.5	910.0	+1.0	1.6
L I Inc	SF300.50	312.0	+1.3	6.6
L I Pacific	6F104.7	110.5	+0.3	1.4

Lloyd's Life (Isle of Man) Ltd.
Bridge Hse, Castletown, IoM. 0624 824151

SAIF	96.0	100.0	....	—

Management International Ltd
Bk of B'muda Bldgs, B'muda. 809-295-4000

Bda IBFV	$16.59	16.76	....	—
Bda IGFI	$11.34	11.46xd	....	—

Prices on Oct 21. Next dealing Oct 28.

Bda IEFC	$9.65	9.66	....	—
Bda IBFI	$9.61	9.81	....	—

Prices as at Nov. 2. Next dealing Nov. 9.

Manufacturers Hanover Geofunds
PO Box 92, St Peter Port, Guernsey. 0481 23961

LA Inc	$104.79	105.01	....	9.13
LT Acc$	$126.43	128.89	....	9.94
MIT Inc	$111.65	113.22	....	6.45
MIT Acc$	$127.16	127.63	....	10.95

Geofund International Reserves Ltd.

Sterling	£5.112	+0.001	8.44
U.S. $	$10.231	+0.003	8.76
D-Mark	DM20.227	+0.003	4.75
Swiss France	SwFr20.161	+0.002	3.44
Jap Yen	Y20.27.6	+0.3	5.67
Managed Fund	$10.255	....	10.70

Marine Midland (CI) Ltd
140 B'way NY 10015 USA. 313-440-1000
Queens Hse, Don Rd. St Helier. 0534 71460

Intercurrncy	$1.042.739	....	—

Next sub day Nov 17.

Samuel Montagu London Agents
114 Old Broad St. EC2 01-628 3464

ApNov1	SF87.40	94.80	....	1.46
JpSpl5	HK$39.70	42.88	....	0.13
117GpA31	$17.83	19.17	....	1.36
JsyFdOc26	£13.47	14.91	....	—
MontERNF	$10.34	10.88	....	—
U.C. FIF	$0.65	10.16	....	—

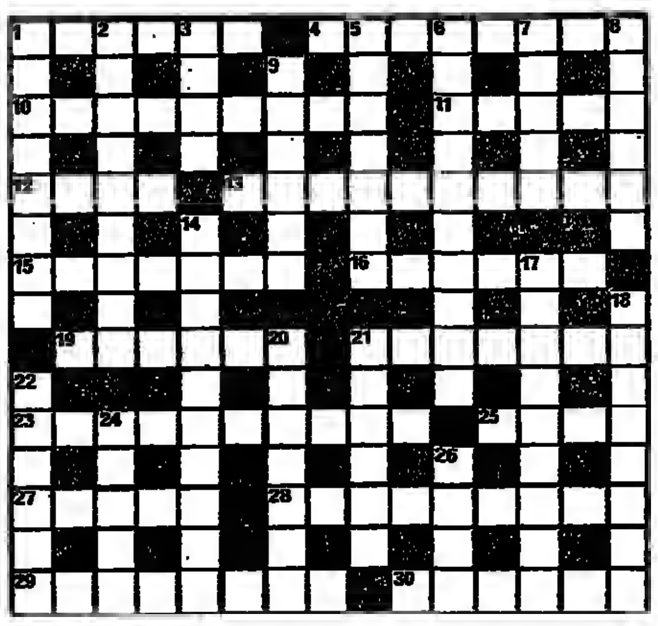
Nat Westminster Jersey Fd Mngrs Ltd
23/25 Broad St. St Helier, Jersey.
County Bank Currency Fund Ltd (x) 0534 70041

Dollar class	$20.0261	+0.0016	—
Sterling class	£10.4136	+0.0024	—
D-mark cl	DM50.9005	+0.0053	—
DutchGuildr	DFl50.9453	+0.0047	—
Jap Yen cl	Y5,120.9612	+0.7442	—

Norcap Fund Managers (Bermuda) Ltd
Bank of Bermuda Building, Bermuda.

Insurances—continued

F.T. CROSSWORD PUZZLE No. 5,264



ACROSS

1 Might get an unlucky break (6)
4 Dust sent scattering seen in the classroom (8)
10 Roll in fabric round top of lemon—a sour fruit . . . (4-5)
11 . . . not so sharp against fever (5)
12 Mushy peas in the church choir? (4)
13 Tom Pincher? (3-7)
15 Editing, for a change, caused a lot of beat (7)
16 River member at head of Thames is taken out (6)
19 Involved in some tricks, it's a system (6)
21 Used religiously to produce anger (7)
23 Get decoration for the joints—large plants (10)
25 Tips of every tiny unusual item held here? (4)
27 Mean lot round middle of night (5)
28 A smoker back in the river, shivering (9)
29 Fine reason for betting? (6)
30 Foot's story? (8)

DOWN

1 Sort of North American Indian mule (8)
2 With this you won't be caught for 29 (4, 5)
3 Ground, for use in a test (4)
5 The highest part round Malta's capital is to shake (7)
6 End rice and veg hash—get a variation from the standard (10)
7 He comes up in style, gingham-attired (5)
8 Reluctant to wander in for a drink (6)
9 To write it thus you start at the bottom (6)
14 Remain about the Rolls, having looked idealistic (6-4)
17 Emphasise with points (9)
18 Described one of the ancient people in a contract (8)
20 Defeat in a swindle—I'm in the soup (7)
21 The moor that's likely to be disturbed? (6)
22 A doubtful character (6)
24 He has most of the medical journal (5)
26 River insect beheaded (4)

Solution to Puzzle No. 5,263

هكذا من الأصل

INSURANCE & OVERSEAS MANAGED FUNDS

Black Horse Life Ass. Co. Ltd.
71, Lombard St., EC3. 01-623 1288

Black Horse Man Fd	233.17			—
Managed Inv. Fd	156.86	165.12		—
Property Fd.	151.46	159.44		—
Fixed Interest Fd.	146.09	153.78		—
Cash Fd.	136.49	143.68		—
Income Fd	168.36	177.23		—
Extra Income Fd.	160.75	169.22		—
Worldwide Growth Fd.	219.35	230.90		—
Balanced Fd	167.80	176.64		—
Smlr Co's & Recy. Fd	198.34	208.78		—
Int. Technology Fd	250.82	264.03		—
Nth. Amer. & Gen. Fd	157.88	166.19		—
Energy Int. Fd.	100.47	105.76		—
Pacific Basin Fund	135.41	142.54		—

British National Life Assurance Co. Ltd.
Harlands Rd, Haywards Heath. 0444 414111

Managed	112.1	118.0		—
Property	112.1	118.0		—
Equity	113.6	119.6		—
International	126.6	133.3		—
Fixed Interest	101.8	107.1		—
Deposit	99.5	104.7		—
Managed Pen. Cap.	112.3	118.2		—
Property Pens. Cap.	112.4	118.3		—
Equity Pens. Cap.	107.6	113.2		—
Intnl. Pens. Cap.	131.4	138.3		—
Fixed Int. Pens. Cap.	99.2	104.4		—
Deposit Pens. Cap.	97.3	102.5		—

Canada Life Group
2-6, High St., Potters Bar, Herts. P. Bar 51122

Equity Gth Nov 2	91.5			—
Rtmt. Fed. Aug 6	255.4			—
Managed Pen Fund	106.9	177.5		—
Property Pen Fund	114.2	120.2		—
Index Lnkd Pen Fund	112.4	118.3		—
Managed	120.2	126.6	+0.1	—
Property	104.1	109.6		—
Gilt and Fixed Interest	106.7	112.4		—
Index-Linked	98.5	103.7	+0.1	—
Equity	118.4	124.7		—
Cash	104.0	109.5		—
Midland Bk. Unit Tst.	116.3	122.5	+0.2	—
Midland Bank Intnl.	136.8	144.1	+0.1	—

G.T. Management Ltd.
16 Finsbury Circus, Lond. EC2M 7DJ 01-628 8131

G.T. Pn. Bond Fund	122.4	128.9	-0.5	—
GT Pin High Yld Fnd	118.0	124.3	+0.8	—
GT Pln Far East Fnd	111.6	117.7	-1.0	—
GT Pln N. Am Fd	132.2	139.2	-1.4	—
GT Pln UK&G.E. Fnd	131.7	138.7	+1.1	—
GT Pln Wrldwde Fnd.	129.6	136.5	-1.5	—
GT Pension Bnd Fnd.	131.8	138.8	-0.6	—
GT Pen High Yld Fd	133.9	141.0	+0.5	—
GT Pen Far East Fd	135.4	142.6	-1.4	—
GT Pen N. Am. Fd	189.4	199.4	-3.0	—
GT Pen UK & G.E. Fd.	152.8	160.1	+1.3	—
GT Pen Worldwide Fd.	137.6	144.7	-1.8	—

Prices for Accum. Units only.

Assicurazioni GENERALI S.p.A.
117, Fenchurch St., EC3M 5DY. 01-488 0733

Intl. Managed Bond	164.9	175.7		—

General Portfolio Life Ins. C. Ltd.
Crossbrook St., Cheshunt, Herts. Waltham X 31971

Portfolio Fd. Acc.	246.2	—		—
Portfolio Fd. Intl.	207.8			—
Portfolio Fd. Cap.	235.0			—
Investment A uts	246.1	259.1		—

Gresham Unit Ass. Ltd.
2-6, Prince of Wales Rd. B'mouth. 0202 767655

Managed Fd	267.4	281.8		—
Money Fd	135.4	143.6		—
Equity Fd	224.4	237.0		—
Fixed Int. Fd	117.8	124.3		—
Property Fd	172.1	181.3		—
Managed Pen. Fd	250.9	264.8	+4.6	—
Equity Pension Fd	177.0	186.6	-0.7	—
Fixed Int. Pen. Fd	164.3	173.1	+0.1	—
High Yield Pen. Fd	162.1	170.8	+0.1	—
Money Pension Fd	128.4	135.1	+0.5	—
Property Pension Fd	127.3	134.3		—
Gresham/Prudential				
American & Gen. Fd.	246.5	259.7	-1.7	—
Income Fd	182.1	191.9	+0.6	—
Int'l. Growth Fd	264.3	278.5	-1.3	—
Capital Fund	190.6	200.8	+0.5	—
Recovery Fund	144.5	152.3		—

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

WestAvon Secs (Guernsey) Ltd
PO Box 214, St Peter Port, Guernsey 0481 27[illegible]

Gilt & Option Fd	£1.11	1.16		2[illegible]
US $ Option	$1.00	1.05		—

World Wide Growth Management♦
10a, Boulevard Royal, Luxembourg

Worldwide Gth. Fd	$12.09		-0.03	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 2[illegible]

Wren Com. Fund	22.2	23.1		
Chinese Fund	65.0	67.6		
Precious Metal Fund	118.6	123.5		
Vanguard Cmdy. Fd.	35.2	36.1		
Financial Futures Fd.	64.1	66.7		
Wren Intl. Fnd.*	$0.458	0.477		

NOTES

Prices are in pence unless otherwise indicated; those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. Z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ♦ Yield column shows annualised rate of NAV incr[illegible]

COMMODITIES AND AGRICULTURE

Fishing industry to get £4m aid

BY RICHARD MOONEY

THE British fishing industry has been promised an extra £4m in Government aid this year to help finance rationalisation of fleets. The money will be in addition to the first instalment of a £30-£35m EEC grant which is being spread over the next three years.

It is earmarked for "decommissioning" of vessels, either by scrapping or diversion to other work.

Many vessels in the UK fleet have been made redundant following the general switch, led by Iceland, to 200-mile national limits during the last decade. This has forced British fishermen to concentrate on their own coastal waters and, together with the upsurge in oil prices, has rendered fuel-hungry distant-water craft uneconomical.

Mr John MacGregor, Minister of State at the Ministry of Agriculture, Fisheries and Food, is to meet fishing industry leaders tomorrow to begin discussions on the terms and conditions for sharing out the money.

Mr Nigel Atkins, chief executive of the National Federation of Fishermens' Organisations, will be stressing the need to ensure that decommissioning grants actually result in a reduction in catching capacity and are not reinvested in building vessels to step up pressure on already overfished stocks. There will also have to be safeguards to prevent diverted vessels returning to the fishing fleet at a later date.

Mr MacGregor is not likely to be left in any doubt about the industry's disappointment with the size of the planned Government grant. Most people in the industry had been expecting about 10m in the current financial year to top up the Common Market money.

This was considered the minimum necessary to provide realistic inducements to decommissioning and reasonable compensation for loss of fishing opportunities.

Rumours of high stocks depress zinc prices

By John Edwards

ZINC PRICES fell on the London Metal Exchange yesterday, following rumours that there had been a sharp rise in U.S. producer stocks during October.

Three months zinc closed £11 lower at £577.25 a tonne, after dipping to £570 at one stage.

The market is in a highly nervous state awaiting the results of the U.S. Mint tender due out tomorrow.

Other base metals were also easier, with the exception of copper—which was boosted by the firmer trend in gold and silver.

The London bullion spot price for silver was raised by 15.25p to 609.2p a troy ounce at the morning fixing. The market was helped by further unrest over the Middle East, an upward trend in New York and the rise in gold.

● JUTE workers in India have threatened an all-out strike from January 16 unless employers agree to a range of demands on pay and conditions.

● RICE production from Pakistan's 1983/84 crop is expected to reach a record of more than 3.5m tonnes.

● REVISION of the rubber reference price is expected to be a key issue at the International Natural Rubber Organisation's council meeting on November 15 in Kuala Lumpur.

● U.S. IS doubling emergency food aid to Africa to $50m to help overcome the threat of famine.

● TWO PRIZED brood mares, among the last victims of a five-month herpes-induced epidemic which has killed 39 horses at Austria's Lippizaner stud farm, have been put down.

● EEC SKIMMED milk powder stocks held at 1.04m tonnes in mid-October.

Brazil converts its sugar surpluses into fuel

BY OUR CORRESPONDENT

SUGAR is rapidly becoming a by-product for Brazil's sugar cane growers and millers, whose most profitable activity is now distilling alcohol.

Sugar exports are stagnant, set at 2.7m tons by the International Sugar Agreement quota, and internal demand is rising by only about 2.5 per cent a year, the rate of population increase. Brazil's sugar cane output has nevertheless risen by 20 per cent or more a year in each of the past five years, to reach slightly above 200m tons. More than half of that will be used to make alcohol in 1984.

Costs of sugar production in Brazil range from 12-15 cents a lb. Productivity ranges from more than 70 tons a hectare on the high yielding lands of Sao Paulo, to less than 50 tons in the north-east states.

Brazil's earnings from sugar will be around $600m this year, about the same as last, and sugar is no longer even in the list of the top ten export products, when in previous decades, it was always one of the first three.

The area planted to sugar cane in Sao Paulo state, where more than half the crop is grown, nevertheless rose from 802,000 hectares in 1975, to 1,480,000 hectares in 1982. The state's output rose from 36.4m tons to 82m tons in that period.

Sugar produced for export has had to be subsidised by that sold on the home market in most recent years. But Brazil dares not risk exporting less than its quota.

The low price is blamed here mainly on the EEC's subsidy policy and because high interest rates have pushed sugar stocks to an all time low.

But if sugar is in the doldrums, alcohol is apparently a total success story. This year, three quarters of all new cars sold will be equipped with engines powered by pure alcohol, and the millionth alcohol car made in Brazil was sold in September. As the year draws to a close, more than 90 per cent of all new cars are being equipped with alcohol-powered engines, caused by the fear gaining ground that Brazil's deep financial problems could result in a shut-off of imported oil followed by rationing.

All the teething problems of previous years have been ironed out in the latest generation of engines and there are also financial incentives to buy.

This year, more than 7bn litres of alcohol will be produced by 400 distilleries, more than half of which are in Sao Paulo.

By 1985, the total will have risen to 10.7bn and a new goal, of 14.3bn litres, has been set for 1987.

At the present level of use, alcohol is substituting the need for imports of almost 90,000 barrels of oil a day. This figure will gradually rise to more than 220,000 b/d.

However, once the 14bn litres rate is in sight, important decisions will have to be made about whether it is wise to go on—as the euphoric sugar producers, distillery equipment makers and motor manufacturers are urging—and start planning for substituting other oil products.

The total private car fuel consumption has stood still at almost 13bn litres a year for the past decade, ever since the first oil shock of 1973.

Any further development would have to involve the fleet of freight and passenger vehicles now using about 15bn litres a year of diesel fuel.

Critics say the alcohol programme has not been the best way to save dollars. The equivalent of $10bn will have been spent on the programme by the time the 10.7m litres goal has been achieved by 1985.

For each b/d saved, about $60,00 has to be invested, implying a price equivalent of about $30 a barrel, when the price of land is included and all hidden subsidies eliminated.

Should the pressure from the sugar lobby and their allies prevail, and alcohol is used to fuel diesel engines, this would push the cost per barrel to well above the $100 mark.

Critics feel that once the 14bn litres goal is reached, new money should be spent not on the alcohol programme but on developing other alternatives, such as oil shale or coal.

As it is, those extra 700,000 hectares now planted to sugar cane in Sao Paulo state are lands which were previously used to grow coffee, maize and cotton, or to raise cattle and subsistence crops such as rice, tapioca and beans.

This year, Brazil will have to import maize and rice, at a cost of several hundred million dollars.

Strengthened by the billions of dollars which have been spent on the alcohol programme in the past few years, cane growers and millers are on the offensive.

But it could be argued that without the stimulus of a very inflationary programme of stimulating alcohol production, sugar output could have shrunk.

Many farmers might have switched to growing other crops, such as soya, citrus, cotton, or maize, or raised more cattle. The exports of these might have earned many more billions of dollars than have been saved by the alcohol programme.

REPORTS that Brazil had sold 750,000 tonnes of sugar to the Soviet Union boosted world market values yesterday. The London daily sugar price was lifted by $4 to £145 a tonne.

Reuter reported from Rio de Janeiro that a Brazilian delegation to Moscow had concluded a deal to sell the Soviet Union 400,000 tonnes of raw sugar and 350,000 tonnes of white (refined) sugar.

Australian wool hopes

MT GAMBIER — The Australian Wool Corporation (AWC) believes trade demand for Australian wool will strengthen in the second half of the 1983-84 season ending on June 30, aided by some weakness of the Australian dollar in terms of the main wool currencies.

Addressing the half-year meeting of the Wool Council of Australia, Mr David Asimus said that in the second half of the season the AWC expected to become a net seller from stock, as happened last season, and again to end the season with around 1m bales in stock.

Commenting on present market weakness, Mr Asimus said currency uncertainty had been the most damaging influence on the wool market so far this season.

The Australian Government's managed use of the exchange rate as a monetary tool had been among the factors leading to a significant increase in the value of the Australian dollar.

This had resulted in major wool consumers having to pay more in their own currencies for Australian wool since the season opened, he said.

Tropical timber negotiations resume

BY ANTHONY McDERMOTT IN GENEVA

THE SECOND round of negotiations towards an international agreement on tropical timber has opened in Geneva but Mr Tetsuro Kunuei of Japan, the chairman, acknowledges that "some difficult issues remain."

The negotiations are likely to be successful, however, if only because the agreement will not lay down any controls on supplies or prices.

The conference, attended by 33 producing countries and 31 consumers, is due to end on November 18.

In the last round of negotiations in March, consensus was reached on all but six articles for an agreement.

The agreement relates to four elements: research and development; reforestation and forest management; increased processing in developing producing countries; and improvement of market intelligence.

Production statistics for 1981 showed that Malaysia had 40 per cent of the market, Indonesia 33 per cent; and the Ivory Coast and Philippines each about 7 per cent.

The chief importers, by volume, were Japan with 45 per cent, the EEC with 30 per cent, and the U.S. with just under 10 per cent.

But the establishment of an agreement is complicated by the potential output of a country such as Brazil, or even Japan, and the fact that any agreement between consumers and producers of a non-annual commodity (unlike sugar) can not be tied precisely to market forces.

Indeed, one objective is establishing a broader balance between producer and consumer requirements, and another on upgrading research.

Aluminium prospects better

KINGSTON—Mining ministers of the major bauxite and alumina producing countries began a three-day strategy meeting amid signs of a recovery in the aluminium industry.

"The conference is being held against a far less sombre background than in 1982," Jamaica's Minister of State, Mr Basil Buck, told the International Bauxite Association (IBA).

The IBA is a 10-member group which exchanges technical information, recommends a base price for bauxite and works to co-ordinate policies.

World aluminium production fell 12.4 per cent last year from 1981's 15.5m tonnes, while consumption fell 3.5 per cent to 14m tonnes, according to reports from the Kingston-based IBA secretariat.

But a generally better picture has emerged since the second half of this year, with smelters starting up, inventories falling and primary aluminium prices about 70 cents per pound on the London market compared with 41 cents in mid 1982.

Mr Buck said there was no unanimous opinion on the extent and length of the recovery and added that over-capacity in alumina facilities had to be considered.

Reuter

PRICE CHANGES

In tonnes unless stated otherwise	Nov. 8 1983	+ or −	Month ago
Metals			
Aluminium	£1050		£1050
Free Mkt	$1490-1510	−50	$1520-550
Copper			
Cash h grade	£913.5	+5.75	£970.5
3 mths	£936.75	+5.5	£993.5
Cash Cathode	£893	+5	£946
3 mths	£916.5	+5	£971
Gold troy oz	$381.625	+3	[illegible]
Lead Cash	£269	[illegible]	[illegible]
3 mths	£278.375	[illegible]	[illegible]
Nickel	£4646.34		[illegible]
Free mkt	300/325c	−3	[illegible]
Palladium oz	$145.50	+1.25	$144.50
Platinum oz	£260.75	+4.15	£266.80
Quicksilver	$310/320		[illegible]
Silver troy oz	609.20p	+15.25	[illegible]
3 mths	622.50	+15.9	[illegible]
Tin cash	£8690	+5	£8515
5 month	£8699.5		£8605
Tungsten	$78.25		$77.38
Wolfr'm 22.04 lb	$79.77	−2	$79.83
Zinc Cash	£564.5	−10.25	£557.5
3 mths	£577.25	−11	£572.25
Producers	$995		$680

	Nov. 8 1983	+ or −	Month ago
Oils			
Coconut (Phil)	$905y		$860
Groundnut			$1080
Linseed Crude			[illegible]
Palm Malayan	$662.5v	+2.5	$670
Seeds			
Copra Phil	$580x		$570
Soyabean (U.S.)	$344.50		$338.5
Grains			
Barley Fut. Jan	£119.50	+0.10	£119.45
Maize	£146.00		£144.00
Wheat Fut. Jan	£129.35	+0.05	£99.80
No2 Hard Wint	‡		‡
Other commodities			
Cocoa ship't*	£1631	+21	£1597
Fut. March	£1485.5	+19	£1456
Coffee Ft. Jan	£1849.5	+11	£1882.5
Cotton A.Index	69.00c		67.55c
Gas Oil Dec	$256.25		$251
Rubber kilo	78.75p	−0.25	75.75p
Sugar (Raw)	£145	+4	£137
Woolt'ps 64s	401p kilo		400p kilo

‡ Unquoted. u Dec. v Jan. x Dec-Jan. y Nov-Dec. † Per 76 lb flask. * Ghana cocoa. n Nominal. c Cents per pound.

LONDON OIL SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	28.35-28.55	—
Iranian Light	27.95-28.00	+0.02
Arabian Heavy	25.35-25.55	—
North Sea (Forties)	29.20-29.45	+0.02
North Sea (Brent)	29.35-29.55	+0.05
African Bonny L'ht	29.75-29.80	+0.02
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	297-305	+1.0
Gas oil	255-261	−0.5
Heavy fuel oil	170-175	−0.5

GAS OIL FUTURES

After opening about $1.00 lower, the market moved up in response to renewed Iraqi threats to attack Kharg Island. On the reopening prices dipped down as New York came in weaker, but the market moved higher again later, reports Premier Man.

Month	Yest'day's close	+ or −	Business Done
	$ U.S. per tonne		
Nov	253.25	−0.25	253.25-51.75
Dec	256.25	−0.25	256.25-54.75
Jan	256.50	−0.25	258.00-55.00
Feb	255.25	−0.20	255.25-54.00
Mar	250.50		250.50-45.00
April	245.75	−0.75	246.00-45.25
May	243.00	−0.50	242.06
June	242.50	−1.00	242.50-42.00
July	242.30	−1.00	—

Turnover: 1,599 (1,325) lots of 150 tonnes.

GOLD MARKETS

Gold rose $3 to $381½-382 on the London bullion market yesterday. It opened at $383-383¾, and was fixed at $382.15 in the morning, and $382.25 in the afternoon. The metal touched a peak of $383¾-384¼, and a low of $380¾-381¼.

In Paris the 12½ kilo gold bar was fixed at FFr 100,000 per kilo ($381.75 per ounce) in the afternoon, compared with FFr 100,250 ($382.65) in the morning, and FFr 99,500 ($379.63) Monday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 33,100 per kilo ($384.02 per ounce), against DM 32,700 ($379.02), and closed at $382-382½, compared with $378½-379½.

In Luxembourg the 12½ kilo bar was fixed at the equivalent of $382.80 per ounce, against $377.25 on Monday.

In Zurich gold finished at $381-384, compared with $378-$381.

LONDON FUTURES

Month	Yest'rday's close	+ or −	Business Done
	$ per troy ounce		
Nov	380.00-84.00	+3.000	—
Dec	384.10-84.2	+2.900	386.20-85.5
Feb	390.10-90.3	+3.000	392.50-90.0
April	395.50-95.9	+.2950	—
June	402.50-05.4	+.2800	—
Aug	408.50-09.8	+.2550	—

Turnover: 513 (485) lots of 150 troy ounces.

	Nov. 8		Nov. 7	
Gold Bullion (fine ounce)				
Close	$381¼-382	(£257-257½)	$378¼-379	(£256-256½)
Opening	$383-383¾	(£258¾-258¼)	$377¾-378½	(£254½-256)
Morning fixing	$382.15	(£257.739)	$377	(£253.872)
After noon fixing	$382.25	(£257.735)	$379	(£254.996)

Gold and Platinum Coins Nov. 8					
Krugrnd	$394-394½	(£265¾-266¼)	King Sov	$91½-94	(£52½-63½)
½ Krg	$203-204¾	(£137-138)	Victoria Sov	$92½-94	(£62½-63½)
¼ Krg	$103¾-104¼	(£30¾-70½)	French 20s	$72½-74½	(£49-50½)
1/10 Krug	$42¾-43	(£28¾-29)	50 pesos Mex	$459-464	(£311½-313)
Mapleleaf	$393¾-394¼	(£265½-266)	100 Cor. Aust	$372-375	(£251-253)
New Sov	$90-90¾	(£60¾-61¼)	$20 Eagles	$540-550	(£364¼-371)
½ New Sov	$54-54¾	(£36½-37)	Noble (Plat)	$398-402½	(£268¼-271¼)

EUROPEAN MARKETS

ROTTERDAM, November 8.

Wheat—(U.S.$ per tonne): U.S. Two Red Winter Nov 20-Dec 10 181, Dec 131.50, Jan 163.50, Feb 165, March 166.50. U.S. Northern Spring 14 per cent protein Nov 188, Dec 189, Jan 194, Feb 195, March 195. U.S. Three Amber Durum Nov 205, Nov 20-Dec 20 205, Nov-Dec 204, April-May 207. Canadian Western Spring Nov 15-Dec 15 215, April-May 216.

Maize—(U.S.$ per tonne): U.S. Three Yellow afloat 163.50, Nov 163.50, Dec 163.50, Jan-March 165, April-June 164 sellers. Argentine Plate afloat 175, Nov 175 sellers.

Soyabeans—(U.S.$ per tonne): U.S. Two Yellow Gulfports Nov 338.20, Dec 340.25, Jan 344.25, Feb 348.75, March 352.50, April 354.20, May 355, Oct 274.50, Nov 274.50, Dec 278.50, Jan 282.75 sellers. Argentine afloat 333.75, down 0.25 sellers.

Soyameal—(U.S.$ per tonne): 44 per cent afloat 270, Nov 270, Dec 276, Jan, 283, Jan-March 285, April-Sept 277 sellers. Pellets Brazil afloat 289, Oct 288, Nov 297, Dec 300, Jan-March 314, April-Sept 283 sellers. Pellets Argentine afloat 279, Nov 284, Dec 288, Jan 297, Jan-March 299 sellers.

PARIS, November 8.

Cocoa—(FFr per 100 kg): Dec 1753/1758, March 1785/1790, May 1815/1825, July 1850 bid, Sept 1870 bid, Dec 1870 bid, March 1920 bid.

Sugar—(FFr per tonne): Dec 1965/1972, March 2136/2140, May 2201/2210, Aug 2275/2290, Oct 2350/2370, Dec 2385/2410.

BRITISH COMMODITY PRICES

BASE METALS

BASE-METAL PRICES remained under pressure on the London Metal Exchange with the notable exception of COPPER which closed at £937, after touching £928. ZINC fell sharply to close the late kerb at £575.5, after £570, owing to heavy long liquidation and stop-loss selling prompted by talk of sizable stock increase in the U.S. in October, coupled with rising production. LEAD was finally £277 while ALUMINIUM fell away to £1015 before closing at £1019.5 and NICKEL dipped to £3145.

COPPER

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £930, 29, 29.50, 30, 29.50, 29, 28, 27.50, 29, 28.50, 29. Kerb: Higher Grade: Three months £934, 30, 30.50, 31. Afternoon: Higher Grade: Three months £934, 33.50, 34, 36, 35.50, 36, 36.50. Kerb: Higher Grade: Three months £937.50, 37, 36, 36.50. Turnover 30,400 tonnes.

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	904.3-5	−2	913-4	+6.75
3 months	927.5-8.5	−2.25	936.5-7	+5.5
Settlem't	905	−2	—	.....
Cathodes				
Cash	885-7	−1.25	894-5	+3
3 months	909-10	−1.5	918-9	+5
Settlem't	887	−.5	—	.....
U.S. prod'd	—	...	*66-73	.....

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	8720-5	−2.5	8790-5	−47.5
3 months	8725-30	+12.5	8780-5	+39
Settlem't	8765	−5	—	.....
Standard				
Cash	8590-5	+36	8585-95	+5
3 months	8690-5	+15	8690-5	.....
Settlem't	8695	+50	—	.....
Straits E.	£630.05	—	—	.....
New York				

Tin—Morning: Standard: Cash £8690, three months £8675, 80, 85, 80, 95. Kerb: Standard: Three months £8695. Afternoon: Standard: Three months £8693, 95. High Grade: Three months £8720, 25, 30, 25. Kerb: Standard: Three months £8690, 92, 50. Turnover 1,820 tonnes.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	252.75-7	−5.25	268.75-9.25	−2.62
3 months	276.75-7	−4.62	279.05	−3
Settlem't	267	−5.25	—	.....
U.S. Spot	—	.....	*95-9	.....

Lead—Morning: Cash £266.75, 66.50, 67, three months £279.50, 79.25, 79, 78.50, 78, 77.50, 77, 76.50. Kerb: Three months £277, 77.50. Afternoon: Three months £278, 77.80, 78, 78.50, 78.25, 78.50. Kerb: Three months £278, 77.50, 77. Turnover 13,625 tonnes.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	558-.0	−15.5	564-.5	−10.2
3 months	571-.6	−15.3	577-.5	−11
Settlem't	558.5	−15.6	—	.....
Prim w'ts		.....	*46-.75	.....

Zinc—Morning: Three months £575, 73, 72, 73, 74, 73.50, 73, 72, 72.50, 72, 73, 72.50, 72, 71.50. Kerb: Three months £571, 70, 70.50, 71, 72. Afternoon: Three months £574, 74.50, 75, 75.50, 76, 76.50, 77, 77.50. Kerb: Three months £578, 79, 78.50, 78, 77.50, 77, 78.50, 76, 75. Turnover 19,050 tonnes.

ALUMINIUM

Aluminium	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	999.5-.90	−16.5	997.5-8.3	−3.5
3 months	1014-.5	−15.5	1029.5-.5	−4.5

Aluminium—Morning: Three months £1017, 16, 15.50, 16, 16.50, 17, 16, 17.50, 16, 15, 14.50, 14. Kerb: Three months £1015, 16, 15.50, 15. Afternoon: Three months £1018, 17.50, 18, 18.50, 20, 19.50, 20, 21, 22, 23, 22, 21.50, 22, 22.50, 23. Kerb: Three months £1024, 25, 24.50, 24, 23, 22, 21.50, 21, 20. Turnover 21,900 tonnes.

NICKEL

Nickel—Morning: Three months £3110, 08, 07, 05, 01, 3100, 3095, 3100, 02, 05, 02, 01, 3100. Kerb: Three months £3110. Afternoon: Three months £3115, 20, 30, 35, 31, 35, 37, 35, 40, 45, 41, 43, 41, 40. Kerb: Three months £3145. Turnover 1,898 tonnes.

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −†
Spot	3026-8	−86.5	3067-9	−22
3 months	3100-1	−85	3140-1	−33

* Cents per pound. ‡ M$ per kilo. † On the previous unofficial close.

SILVER

Silver was fixed 15.25p an ounce higher for spot delivery in the London bullion market yesterday at 609.2p. U.S. cent equivalents of the fixing levels were: spot 903.2c, up 21.2c; three-months 924.5c, up 22c; six-month 947.1c, up 22.6c; and 12-month 993.3c, up 30c. The metal opened at 613¼-616p (908-912c) and closed at 609-611½p (904-908c).

LME Silver (2,000 oz contract)—Three months: 623.75p (607p). Turnover 8 (2) lots.

SILVER per troy oz.	Bullion fixing price	+ or −	L.M.E. p.m. Unoff'l	+ or −
Spot	609.20p	+15.2	611.0p	+17
3 months	629.50p	+15.9	624.5p	+17.5
6 months	635.45p	+16.6	—	.....
12 months	664.85p	+17.5	—	.....

Turnover 95 (84) lots of 10,000 oz. Morning: Large contract three months 623, 24.5, 25, 24; small three months 623, 24. Kerb: large 623. Afternoon: three months 623, 24, 25; small three months 624. Kerb: large 626, 24, 23.5, 24.

WEEKLY METALS

All prices as supplied by Metal Bulletin.

ANTIMONY: European free market, 99.6 per cent, $ per tonne, in warehouse 1,960-2,000.

BISMUTH: European free market, min 99.99 per cent, $ per pound, tonne lots in warehouse 1.85-1.80.

CADMIUM: European free market, min 99.95 per cent, $ per pound, in warehouse, ingots 0.71-.074, sticks 0.72-0.74.

COBALT: European free market, 99.5 per cent, $ per pound, in warehouse 5.35-5.45.

MERCURY: European free market, min 99.99 per cent, $ per flask, in warehouse 320-326.

MOLYBDENUM: European free market, canned moldbic oxide, $ per cent pound Mo, in warehouse 3.70-3.80.

SELENIUM: European free market, min 99.5 per cent, $ per pound, in warehouse 4.15-4.80.

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit WO₃ cif 71-78.

VANADIUM: European free market, min 98 per cent V₂O₅, other sources, $ per pound V₂O₅ cif 1.87-1.95.

Producer list price for selected metals as recorded in Metal Bulletin.

ALUMINIUM: World, virgin ingots Alcan, min 99.5 per cent, $ per tonne, cif Hong Kong and Rotterdam 1,750.

BISMUTH: UK, MCP-Peko, 99.99 per cent, $ per pound, tonne lots, ex-warehouse 2.30.

COBALT: World, Zaire, Sozacom, $ per pound 12.80.

NICKEL: World, Inco, melting grade, $ per pound, cif Far East and America, delivered rest of world 3.20.

URANIUM: Nuexco exchange value, $ per pound U_3O_8 23.50.

VANADIUM: Highveld fused min 98 per cent V_2O_5, $ per pound V_2O_5 cif 2.30.

ZINC: GOB producer basis, $ per tonne 926.

COCOA

Following a morning of limited activity futures rallied sharply during the afternoon session and closed on a firm note at the highs, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
Dec	1475-76	+21.5	1478-48
March	1485-86	+22.0	1489-56
May	1486-87	+27.0	1497-67
July	1504-06	+26.0	1505-78
Sept	1513-14	+25.0	1513-89
Dec	1254-25	+24.0	1525-05
March	1336-40	+23.5	—

Sales: 4,767 (2,176) lots of 10 tonnes.

ICCO—Indicator prices (U.S. cents per pound). Daily price for Nov 8: 97.13 (95.56); five-day average for Nov 9: 95.62 (94.80).

COFFEE

In moderate volume trade and dealer buying encouraged a £15-£20 advance from the opening levels, reports Drexel Burnham Lambert. Scale-up commission house selling restricted the rise while profit-taking at the highs prompted a minor retracement.

COFFEE	Yest'day's Close	+ or −	Business Done
Nov	1838-40	+12.5	1850-38
January	1842-43	+11.0	1850-29
March	1914-15	+16.0	1919-00
May	1766-69	+7.0	1775-51
July	1741-44	+8.5	1747-40
Sept	1715-20	−2.0	1725-20
Nov	1695-08	+3.0	1702-00

Sales: 2,503 (4,150) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for Nov 7: Comp daily 1979 135.49 (135.54); 15-day average 135.91 (136.00).

GRAINS

Business done—Wheat: Nov 119.45 only, Jan 122.70-2.50, March 125.55-5.45, May 128.65-8.45, July 131.40-1.20, Sept 115.90 only. Sales: 285 lots of 150 tonnes. Barley: Nov 118.75-6.45, Jan 119.70-9.40, March 122.90-2.55, May 124.85-4.60, Sept untraded. Sales: 294 lots of 100 tonnes.

	WHEAT		BARLEY	
Mnth	Yestrday's close	+ or −	Yest'day's close	+ or −
Nov	119.45	−0.19	116.75	+0.50
Jan	129.65	+0.06	119.50	+0.16
Mar	128.60	+0.06	122.70	+0.15
May	129.65	+0.10	124.65	+0.15
July	131.40	—	—	—
Sept	115.90	—	112.25	+0.10

HGCA — Locational ex-farm spot prices. Feed barley: S East 115.60, S West 117.80, W Mids 115.70. The UK monetary coefficient for the week beginning Monday November 14 based on HGCA calculations using 5 days exchange rates) is expected to remain unchanged.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent Nov 138.50, Dec 139.00, Jan 141.25 transhipment East Coast sellers. English Feed fob Dec 125.50, Jan/March 128.50 East Coast seller. Maize: French Nov 146.00, Dec 147.50 East Coast sellers. Barley: English Feed fob Jan/Feb 126.00 East Coast sellers. Rest unquoted.

POTATOES

Prices were slightly easier on forward positions, with the PMB announcement of a rise in expected yield since the last announced of 0.2 tonnes per hectare causing little reaction. November came under some selling pressure, which increased towards the close (November expires at noon today), reports Coley and Harper.

Sales: 678 (554) lots of 40 tonnes.

Month	Yestday's close	Previous close	Business Done
	£ per tonne		
Nov	156.00	161.30	162.50-155
Feb	185.00	185.00	—
April	214.60	217.50	217.50-14.0
May	219.50	222.10	220.00-18.0
Nov	79.00	79.00	—

RUBBER

The physical market opened about unchanged, drifted lower throughout the day and closed on an easier note, reported Lewis and Peat. The Kuala Lumpur November fob price for RSS No. 1 was 254.25 (same) cents a kg and for SMR20 216.0 (212.50).

No. 1 R.S.S.	Yest'day's close	Previous close	Business Done
	£ per tonne		
Dec	790-799	797-801	—
Jan	799-800	794-800	—
Jan-Mch	791-792	796-800	793-792
Apl-Jne	809-810	816-817	815-809
Jly-Sept	822-824	830-831	830-824
Oct-Dec	837-839	846-847	—
Jan-Mch	852-854	859-862	—
Apl-Jne	866-869	874-876	—
Jly-Sept	883-886	889-892	—

Sales: 43 (74) lots of 15 tonnes, nil (same) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 78.75p (79.00p); Dec 79.50p (80.00p); Jan 80.00p (80.50p).

SOYABEAN MEAL

	Yestday's close	+ or −	Business Done
	£ per tonne		
Dec	187.20-87.60	−1.00	187.80-87.50
Feb	184.80-84.50	−0.85	185.50-84.50
April	186.50-86.90	+0.35	186.50-86.00
June	185.20-85.50	+0.55	185.50-85.00
August	185.00-84.00	+0.50	—
October	179.50-82.00	+0.75	180.00
Dec	186.50-88.00	−1.50	187.50

Sales: 59 (67) lots of 100 tonnes.

The market opened 50p down in dull trading, reports T. G. Roddick. Prices eased on lack of any fresh news to close mixed.

SUGAR

LONDON DAILY PRICE—Raw sugar £145.00 (£141.00) a tonne for Nov-Dec shipment. White sugar £155.50 (£153.50).

The market rose £3 following reports that the USSR had purchased some 150,000 tonnes for 1983 plus 700,000 for first half of 1984 direct from Brazil, reports C. Czarnikow.

No. 4 Con-tract	Yest day's close	Previous close	Business done
	£ per tonne		
Dec	157.50-58.00	155.60-54.00	158.75-57.7
Mar	168.20	165.30	168.00-65.5
May	171.00-71.20	168.30	175.00-69.0

Sales: 5,334 (5,105) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £253.50 (£248.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for Nov 7: Daily price 8.57 (8.31); 15-day average 8.92 (9.02).

INDICES

FINANCIAL TIMES

Nov. 7	Nov. 4	M'th ago	Y'ar ago
289.17	285.92	286.84	289.87

(Base: July 1 1952=100)

REUTERS

Nov. 8	Nov. 7	M'th ago	Y'ar ago
1869.4	1867.0	1865.8	1528.3

(Base: September 18 1931=100)

MOODY'S

Nov. 7	Nov. 4	M'th ago	Yearago
1010.4	1014.4	1051.3	975.7

(Base: December 31 1974=100)

DOW JONES

Dow Jones	Nov. 7	Nov. 4	Month ago	Year ago
Spot	135.22	135.63	140.27	128.55
Fut's	143.34	142.95	147.15	134.97

(December 31 1931=100)

COTTON

LIVERPOOL—Spot and shipment sales amounted to 148 tonnes. Operations, although smaller than last week, were maintained on a reasonable scale, and business was done in various American type styles. Turkish and Russian growths also attracted attention once more.

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. Dec 551.2, 552.0, 552.0-551.0; March 568.0, 569.0, 570.0-568.0; May 581.1, 582.0, 582.0; July 595.0, 596.0, 595.5-605.0; Oct 586.0, 589.1, 590.0-588.0; Dec 600.0, 601.0, 602.0-600.0; March 614.0, 616.0, 613.0; May 620.0, 625.0, untraded. Sales: 50.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. Dec 410, 411, 408; Jan 410, 412, 408-408; March 413, 415, 414-413; May 419, 421, 420-419; Aug 435, 436, 435-433; Oct 436, 438, nil; Dec 438, 440, nil; Jan 439, 442, nil; March 448, 452, 450; May 452, 456, nil. Sales: 23.

HIDES

HIDES—Birmingham (Manchester). Second clears. Ox: 31-35.5 kg, 86.4p a kg (86.6p); 26-30.5 kg, 100.6p a kg (100.0p); 22-22.5 kg, 112.2p a kg (111.6p). Cows: 25.5 kg, 114.0p a kg (113.1p).

MEAT/FISH

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.05p per kg lw (+0.29). GB—Sheep 123.35p per kg est dcw (−1.86). GB—Pigs 74.17p per kg lw (−1.52).

SMITHFIELD—Pence per pound. Beef: Scotch killed sides 61.7 to 67.0. Veal: Dutch hinds and ends 138.0 to 143.0. Lamb: English small 57.7 to 62.0, medium 55.0 to 58.0, heavy 52.6 to 55.3; Imported: New Zealand PL 59.7 to 50.5, PX 57.0 to 58.0. Pork: English under 100 lb 49.5 to 55.0, 100-120 lb 48.5 to 53.5, 120-160 lb 43.8 to 50.3.

English produce: Apples—per pound, Cox's 0.18-0.28, Russet 0.15-0.20, Spartan 0.15-0.20, Laxton's Superb 0.10-0.14, Bramley 0.13-0.20. Pears—per pound, Comice 0.16-0.20, Conference 0.10-0.18. Potatoes—3.80-5.20, Bakers 6.00-8.00. Mushrooms—per pound, open 0.70-0.80, closed 1.00-1.20. Lettuce—per tray, round 1.00-1.40, Iceberg, per dozen 8.00-8.50. Onions—per 55 lb 4.00-4.50. Cabbages—per 25 lb Celtic 2.40-2.60, Jan King 2.60-2.80. Greens—28 lb, Kent 2.00-2.20, 2.00-3.00. Swedes—28 lb 1.20-1.40. Leeks—per pound 0.18-0.22. Carrots—28 lb 1.00-1.80. Parsnips—28 lb 2.50-2.80. Sprouts—per pound 0.15-0.18. Fennel—per pound 0.25-0.30. Cabbage—per pound Kent 0.40-0.60.

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported produce: Satsumas—Spanish: 3.00-3.80. Oranges—Spania: 60 6.80-7.00, 70/80/90 6.20-6.60, 110/120 6.00-6.20; Outspan: Lates 56 7.70, 72 7.70, 88 7.60, 138 6.30, 150 5.30; Brazilian: Lates 5.00-5.60; Uruguayan: Lemons — Italian: carton Turkish: 4.60-5.00; Cyprus: 10 kg boxes 4.00-5.00.

AMERICAN MARKETS

NEW YORK, November 8.

Gold and silver came under pressure from profit-taking late in the session on a general lack of fresh news in terms of Middle East tension, and finished slightly lower. Heating oil prices firmed late in the session on the expectation that the industry stock report would reflect the unseasonably cold weather in the North East via a drawdown of distillate stocks. Sugar continued to find support on rumours of Philippine buying as a result of a delay in its harvest and on technical buying by computer oriented trading systems. Coffee rose sharply on renewed concern about spot supplies for December delivery, as a vessel carried a report about U.S. Customs seizing a shipment because of illegal documentation. Cocoa moved moderately higher on strong physical buying from Eastern Europe as origins remained on the sidelines. Cotton advanced moderately on reports of active export business overnight which encouraged trade support. The maize market was mixed on late buying while soyabeans and wheat finished lower in anticipation of bearish private crop production estimates, reports Heinold Commodities Ltd.

NEW YORK

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
Dec	2068	2073	2018	2062
March	2088	2090	2030	2047
May	2099	2100	2052	2068
July	2115	2115	2070	2073
Sept	2120	2120	2120	2105
Dec	2140	2146	2135	2115
March	2163	2180	2160	2142

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
Dec	148.10	48.50	45.80	145.22
March	142.65	43.00	40.50	140.00
May	137.97	38.00	36.80	136.03
July	135.50	35.50	34.75	134.03
Sept	133.30	33.50	32.50	131.65
Dec	131.50	31.50	31.50	130.25
March	129.60	30.00	29.60	129.00

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
Nov	61.10	—	—	60.65
Dec	61.50	61.75	61.20	61.10
Jan	62.15	62.20	61.95	61.75
March	63.45	63.70	63.15	63.00
May	64.70	64.95	64.40	64.20
July	66.00	66.25	65.65	65.45
Sept	67.35	67.00	66.96	66.70
Dec	68.40	69.00	68.95	68.75
Jan	70.10	70.00	70.50	69.45
March	71.40	71.00	71.50	70.75

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
Nov	900.5	910.0	903.0	902.7
Dec	905.0	916.0	903.0	907.0
Jan	912.7	922.0	922.0	914.6
March	928.0	939.0	926.6	929.8
May	944.0	954.0	943.0	945.3
July	960.2	973.0	962.0	961.0
Sept	976.6	983.0	983.0	977.5
Dec	1001.0	1013.0	1008.0	1002.1
Jan	1010.0	—	—	1010.4
March	1027.0	1032.0	1029.0	1027.3

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
Dec	80.17	80.20	79.50	79.84
March	81.77	81.89	81.10	81.24
May	82.57	82.60	82.00	82.50
July	82.74	82.80	82.15	82.45
Oct	76.75	76.65	76.31	76.25
Dec	75.22	75.25	74.86	74.81
March	76.00	—	—	75.75

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	381.3	382.4	382.4	381.4
Dec	383.0	386.0	382.4	383.4
Feb	389.3	391.0	388.8	389.0
April	395.8	398.0	395.5	396.1
June	402.5	404.0	402.0	402.7
August	409.4	410.3	409.5	409.5
Oct	416.5	—	—	412.5
Dec	423.8	425.5	424.2	423.7
Feb	389.3	391.5	384.8	389.8
April	438.9	439.7	438.0	440.5
June	446.9	448.3	448.3	446.3
August	455.1	—	—	454.5
Jan	388.1	—	—	366.5

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

	Close	High	Low	Prev
Dec	82.91	83.14	82.35	82.74
Jan	83.10	83.40	82.55	83.00
Feb	82.70	83.10	82.55	82.64
March	80.75	80.90	80.30	80.70
April	79.00	79.10	78.45	78.20
May	77.70	—	—	77.70
June	76.30	76.90	76.30	76.60
July	76.98	—	—	76.98
Aug	76.05	—	—	76.05
Sept	76.05	—	—	76.05

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
Nov	131.50	32.00	31.40	131.80
Jan	124.60	25.40	24.60	125.50
March	122.65	23.40	22.90	123.45
May	121.90	22.10	22.10	122.10
July	120.90	21.20	21.00	121.20
Sept	120.80	—	—	120.90
Nov	119.25	—	—	120.15
Jan	115.60	—	—	115.00
March	115.50	—	—	115.00

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
Nov	384.0	—	—	[illegible]
Dec	386.0	389.0	[illegible]	[illegible]
Jan	388.0	392.0	[illegible]	[illegible]
April	394.0	398.0	[illegible]	[illegible]
July	400.3	404.0	[illegible]	[illegible]
Oct	406.8	408.5	[illegible]	[illegible]
Jan	413.5	—	—	[illegible]
April	422.0	—	—	[illegible]

SPOT PRICES—Chicago loose lard 20.00 (19.00) cents per pound. New York tin 597.00-604.00 (598.00-603.00) cents per pound.

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
Jan	9.50	9.64	[illegible]	[illegible]
March	9.91	10.02	[illegible]	[illegible]
May	10.20	10.32	[illegible]	[illegible]
July	10.47	10.60	[illegible]	[illegible]
Sept	10.71	10.85	[illegible]	[illegible]
Oct	10.84	10.98	[illegible]	[illegible]
Jan	11.10	11.25	[illegible]	[illegible]
March	11.82	11.94	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
Dec	61.70	61.27	[illegible]	[illegible]
Feb	61.27	61.35	[illegible]	[illegible]
April	63.46	63.50	[illegible]	[illegible]
June	65.12	65.20	[illegible]	[illegible]
Aug	63.90	64.05	[illegible]	[illegible]
Oct	62.20	62.35	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
Dec	42.75	43.15	[illegible]	[illegible]
Feb	47.05	47.60	[illegible]	[illegible]
April	47.45	47.70	[illegible]	[illegible]
June	52.17	52.42	[illegible]	[illegible]
July	53.90	54.10	[illegible]	[illegible]
Aug	53.12	53.65	[illegible]	[illegible]
Oct	52.30	52.90	[illegible]	[illegible]
Dec	53.85	53.85	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	High	Low	Prev
Dec	357.4	358.4	[illegible]	[illegible]
March	369.4	369.6	[illegible]	[illegible]
May	369.2	369.2	[illegible]	[illegible]
July	365.6	365.8	[illegible]	[illegible]
Sept	324.4	325.0	[illegible]	[illegible]
Dec	302.4	302.4	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
Feb	63.05	63.17	[illegible]	[illegible]
March	63.32	63.45	[illegible]	[illegible]
May	64.87	65.05	[illegible]	[illegible]
July	65.72	65.85	[illegible]	[illegible]
Aug	63.50	64.10	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Nov	850.0	857.0	[illegible]	[illegible]
Jan	863.0	875.0	[illegible]	[illegible]
March	880.0	880.2	[illegible]	[illegible]
May	884.6	887.0	[illegible]	[illegible]
July	880.0	883.0	[illegible]	[illegible]
Aug	865.0	865.0	[illegible]	[illegible]
Sept	773.0	776.0	[illegible]	[illegible]
Nov	695.0	699.0	[illegible]	[illegible]
Jan	708.0	711.0	[illegible]	[illegible]

SOYABEAN MEAL 150 tons, $/ton

	Close	High	Low	Prev
Dec	245.0	246.5	[illegible]	[illegible]
Jan	246.5	247.8	[illegible]	[illegible]
March	249.0	249.8	[illegible]	[illegible]
May	247.5	247.5	[illegible]	[illegible]
July	245.0	246.0	[illegible]	[illegible]
August	232.0	234.0	[illegible]	[illegible]
Sept	214.5	215.8	[illegible]	[illegible]
Oct	191.0	192.0	[illegible]	[illegible]
Dec	192.0	192.5	[illegible]	[illegible]
Jan	191.0	192.0	[illegible]	[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

	Close	High	Low	Prev
Dec	29.01	29.50	[illegible]	[illegible]
Jan	29.20	29.60	[illegible]	[illegible]
March	29.50	30.00	[illegible]	[illegible]
May	29.80	30.20	[illegible]	[illegible]
July	29.90	30.15	[illegible]	[illegible]
August	29.40	29.65	[illegible]	[illegible]
Sept	27.80	28.10	[illegible]	[illegible]
Oct	26.30	26.50	[illegible]	[illegible]
Dec	26.10	26.15	[illegible]	[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	High	Low	Prev
Dec	358.4	360.0	[illegible]	[illegible]
March	372.6	374.0	[illegible]	[illegible]
May	375.4	375.4	[illegible]	[illegible]
July	358.0	359.2	[illegible]	[illegible]
Sept	365.0	365.4	[illegible]	[illegible]
Dec	377.4	377.4	[illegible]	[illegible]

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Companies and Markets

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar eases in quiet trading

The dollar was slightly weaker in currency markets yesterday. Volume was down due to the closure of some U.S. centres, providing little incentive to push the dollar firmer. Underlying factors continued to favour the U.S. unit however with Middle East tension and problems with the Federal refunding programme inhibiting any sustained dollar selling.

Sterling recovered from a weak start to finish almost unchanged from Monday with disappointing UK money supply figures and current trends in U.S. interest rates tending to dampen hopes of a cut in clearing bank base rates later this year.

DOLLAR — Trade weighted index (Bank of England) 128.2 against 122.0 six months ago. The dollar has been appreciating steadily in recent weeks and is once again at or threatening the record levels touched in August. Growing tension around the world is supporting the currency but an equally major factor is speculation that bunching of Treasury auctions and an expected surge in the money supply will combine with inflationary pressures from strong economic recovery to prevent an easing in Federal Reserve monetary policy.

The dollar fell to DM 2.6770 from DM 2.6815 against the D-mark and SwFr 2.1750 from SwFr 2.1790. It was also lower against the yen at Y235.9 from Y237.05 and FFr 8.1375 compared with FFr 8.14.

STERLING — Trading range against the dollar in 1983 is 1.6235 to 1.4540. October average 1.4977. Trade weighted index 84.1 against 84.0 at noon and 83.9 at the opening and compared with 84.5 on Monday and 84.7 six months ago. The pound has drifted slightly against the dollar, but is moving up with the U.S. currency against Continentals. This trend has been encouraged by unsettled conditions in the Middle East and the threat to Western oil supplies, plus fading hopes of further cuts in clearing bank base rates.

Sterling traded between $1.4785 and $1.4870 against the dollar in thin trading and closed at $1.4840-1.4850, a rise of just 5 points from Monday. Against the D-mark it fell to DM 3.9750 from DM 3.98 and SwFr 3.23 compared with SwFr 3.2350. It was also slightly lower against the French franc at FFr 12.0750 from FFr 12.0775 and Y350.5 from Y352.0.

D-MARK — Trading range against the dollar in 1983 is 2.7315 to 2.3320. October average 2.6623. (Trade-weighted index 125.6 against 130.0 six months ago.) The D-mark is losing ground to the dollar once again, and if the present trend continues may soon threaten the 10-year low touched in August. Although German interest rates are relatively firm, partly reflecting concern about money supply growth, expectations that U.S. rates will remain high, coupled with concern about tension in the Middle East, has returned the dollar to favour. At the same time the problems of the SMH private bank and IBH construction group have been a depressing influence on the D-mark.

The D-mark improved slightly against the dollar at the Frankfurt fixing. The Bundesbank sold $36.8m when the dollar was fixed at DM 2.6811, compared with DM 2.6828 on Monday, when the German authorities sold $16.65m. Attention was focused more on the problems of the Middle East and the U.S. interest rate scene, and less on the implications of the SMH bank rescue.

DUTCH GUILDER — Trading range against the dollar in 1983 is 3.0540 to 2.5755. October average 2.9260. Trade-weighted index 113.4 against 118.4 six months ago. The guilder has weakened against the dollar on renewed fears that U.S. interest rates will remain firm. It is comfortably placed within the EMS however, helped by the presence of North Sea gas, a low inflation rate, and a current account surplus.

The guilder was firm against the dollar and most of its EMS partners at the Amsterdam fixing. The dollar fell to Fls 3.0035 from Fls 3.0085, and sterling to Fls 4.4520 from Fls 4.4660. On the other band the yen was firm at Fls 12.72 per 1,000 yen, compared with Fls 12.686, but the D-mark fell to Fls 1.1210 from Fls 1.1215, and the French franc to Fls 36.86 per 100 francs from Fls 36.90.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU November 8	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.9846	+2.41	+1.72	±1.5447
Danish Krone	8.14104	8.15495	+0.17	-0.52	±1.6425
German D-Mark	2.24184	2.26378	+0.98	+0.29	±1.0642
French Franc	6.87456	6.88590	+0.14	-0.55	±1.4052
Dutch Guilder	2.52595	2.53775	+0.47	-0.22	±1.4964
Irish Punt	0.72569	0.727257	+0.22	-0.47	±1.6699
Italian Lira	1403.49	1372.19	-2.23	+2.23	±4.1505

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

Nov. 8	£	$		£ Note Rates
Argentina Peso	24.02-24.09	16.52-16.55	Austria	27.90-28.20
Australia Dollar	1.6256-1.6276	1.0950-1.0960	Belgium	81.00-81.80
Brazil Cruzeiro	1,244.0-1,250.8	836-842	Denmark	14.24-14.38
Finland Markka	8.4950-8.5840	5.7390-5.7410	France	12.09-12.14
Greek Drachma	141.90-142.50	95.65-95.85	Germany	3.95½-3.99½
Hong Kong Dollar	11.57¾-11.59¾	7.806-7.810	Italy	2390-2420
Iran Rial	128.95*	87.60*	Japan	350-365
Kuwait Dinar (KD)	0.433-0.434	0.29200-0.29210	Netherlands	4.43¼-4.47¼
Luxembourg Fr.	80.75-80.85	54.41-54.40	Norway	11.02-11.12
Malaysia Dollar	3.48-3.49	2.3450-2.3470	Portugal	186-208
New Zealand Dlr.	2.2510-2.2560	1.5170-1.5190	Spain	224¼-239
Saudi Arab. Riyal	5.1625-5.1675	3.4800-3.4810	Sweden	11.66-11.76
Singapore Dollar	3.1625-3.1725	2.1330-2.1350	Switzerland	3.21-3.24
Sth. African Rand	1.7350-1.7405	1.1695-1.1725	United States	1.47¼-1.49¼
U.A.E. Dirham	5.4455-5.4525	3.6710-3.6730	Yugoslavia	193-219

* Selling rate.

CURRENCY MOVEMENTS

Nov. 8	Bank of England Index	Morgan Guaranty Changes%
Sterling	84.1	Unavail.
U.S. dollar	128.2	"
Canadian dollar	92.3	"
Austrian schilling	110.0	"
Belgian franc	90.3	"
Danish kroner	79.6	"
Deutsche mark	130.0	"
Swiss franc	150.2	"
Guilder	115.4	"
French franc	67.1	"
Lira	49.5	"
Yen	152.6	"

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Nov. 8	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.709337	0.569810
U.S. $	8½	1.05146	0.845073
Canadian $	9.48	*	1.04485
Austria Sch	3¾	18.9461	15.9465
Belgian F	9	57.2199	45.9846
Danish Kr.	7	10.1544	8.15495
D mark	4	2.81904	2.26578
Guilder	5	3.15603	2.53775
French F.	9½	8.56669	6.88590
Lira	17	1706.06	1372.19
Yen	5	249.141	199.395
Norwgn Kr.	8	N/A	6.30494
Spanish Pta	—	162.764	130.860
Swedish Kr	8½	8.31066	6.67438
Swiss Fr	4	2.28890	1.83905
Greek Dr'ch	20½	100.760	80.9918

* C$/SDR rate for Nov 7: 1.29650.

THE POUND SPOT AND FORWARD

Nov 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.4785-1.4870	1.4840-1.4850	0.04-0.09c dis	-0.52	0.25-0.30dis	-0.74
Canada	1.8295-1.8360	1.8340-1.8350	par-0.10c dis	-0.33	0.10-0.20dis	-0.33
Nethlnd.	4.44½-4.47	4.45½-4.46½	1⅛-⅞c pm	3.03	3⅛-3 pm	2.81
Belgium	80.50-80.90	80.75-80.85	7c pm-3 dis	0.30	par-10 dis	-0.25
Denmark	14.28-14.33	14.31-14.32	1.40-2.65ore dis	-1.70	4.50-5.75dis	-1.43
Ireland	1.2725-1.2800	1.2755-1.2765	0.26-0.36p dis	-2.91	0.90-1.05dis	-3.06
W. Ger.	3.96-3.98½	3.97-3.98	1⅛-⅞pf pm	3.40	3⅛-2⅞ pm	3.14
Portugal	188.00-189.25	188.50-189.00	170-410c dis	-18.44	565-1150dis	-18.17
Spain	229.25-230.00	229.65-229.85	245-285c dis	-14.10	750-835dis	-13.90
Italy	2,402-2,411	2,406-2,408	14-18 lire dis	-7.48	45-48 dis	-7.73
Norway	11.04-11.08	11.06½-11.07½	4.15-5.00ore dis	-4.98	11.30-12.15d	-4.24
France	12.06-12.11	12.07-12.08	2½-3¼c dis	-3.23	10½-12½dis	-3.81
Sweden	11.68½-11.73½	11.72-11.73	2.80-3.50ore dis	-3.22	7.05-7.75dis	-2.52
Japan	349½-352	350-351	0.90-0.80y pm	2.91	2.50-2.35 pm	2.77
Austria	27.90-28.05	27.97-28.02	8½-7½gro pm	3.40	22¼-18½ pm	2.91
Switz.	3.21½-3.24	3.22½-3.23½	1⅞-1⅝c pm	6.04	4⅝-3⅞ pm	5.11

Belgian rate is for convertible francs. Financial franc 81.50-81.60. Six-month forward dollar 0.55-0.60c dis. 12-month 1.10-1.20c dis.

THE DOLLAR SPOT AND FORWARD

Nov 8	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.4785-1.4870	1.4840-1.4850	0.04-0.09c dis	-0.52	0.25-0.30dis	-0.74
Ireland†	1.1590-1.1640	1.1630-1.1640	0.24-0.20c pm	2.27	0.67-0.60 pm	3.18
Canada	1.2357-1.2367	1.2360-1.2365	0.04-0.02c pm	0.29	0.16-0.14 pm	0.48
Nethlnd.	3.0020-3.0080	3.0025-3.0045	0.97-0.87c pm	3.68	2.75-2.65 pm	3.60
Belgium	54.40-54.48	54.41-54.43	5-3½c pm	0.84	8-5 pm	0.48
Denmark	9.6425-9.6610	9.6425-9.6475	½-¼ore dis	-0.82	1.10-1.60dis	-0.56
W. Ger.	2.6750-2.6875	2.6765-2.6775	0.94-0.89pf pm	4.10	2.64-2.59 pm	3.90
Portugal	127.00-127.35	127.10-127.35	100-240c dis	-16.02	320-660dis	-15.67
Spain	154.70-155.00	154.70-154.80	155-175c dis	-12.79	470-520dis	-12.79
Italy	1,620-1,625½	1,621½-1,622½	8-10½ lire dis	-7.39	28½-29½dis	-7.12
Norway	7.4540-7.4640	7.4540-7.4590	2.25-2.55ore dis	-3.86	6.10-6.40dis	-3.38
France	8.1325-8.1650	8.1350-8.1400	1.70-1.95c dis	-2.89	6.10-6.70dis	-3.14
Sweden	7.8840-7.9020	7.8840-7.8880	1.30-1.50ore dis	-2.13	3.15-3.35dis	-1.65
Japan	235.70-237.40	235.85-235.95	0.72-0.67y pm	3.53	2.08-2.03 pm	3.48
Austria	18.83-18.88	18.83-18.84	6.50-5.80gro pm	3.85	18½-18¼ pm	3.86
Switz.	2.1730-2.1825	2.1745-2.1755	1.21-1.16c pm	6.54	3.18-3.13 pm	0.80

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 54.90-54.95.

EXCHANGE CROSS RATES

Nov. 8	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.485	3.975	350.5	12.070	3.230	4.460	2407.	1.835	80.80
U.S. Dollar	0.674	1.	2.678	236.1	8.134	2.176	3.004	1621.	1.236	54.43
Deutschemark	0.252	0.373	1.	88.19	3.036	0.813	1.122	605.5	0.462	20.33
Japanese Yen 1,000	2.853	4.235	11.34	1000.	34.45	9.215	12.72	6867.	5.234	230.5
French Franc 10	0.828	1.229	3.292	290.3	10.	2.675	3.694	1993.	1.519	66.92
Swiss Franc	0.310	0.460	1.231	108.5	3.738	1.	1.381	745.2	0.568	25.02
Dutch Guilder	0.224	0.330	0.891	78.50	2.707	0.724	1.	539.7	0.411	18.12
Italian Lira 1,000	0.410	0.617	1.651	145.6	5.017	1.342	1.853	1000.	0.762	33.57
Canadian Dollar	0.545	0.809	2.167	191.1	6.582	1.761	2.431	1312.	1.	44.04
Belgian Franc 100	1.238	1.837	4.920	433.8	14.94	3.998	5.520	2979.	2.270	100.

FINANCIAL FUTURES

Gilts firm

Gilts retained a healthy tone on the London International Financial Futures Exchange yesterday, despite worse than expected UK M3 money supply figures. The rise of 1½ per cent was above most forecasts, but kept annualised growth within the top of the Government's target range, and was not viewed too alarmingly by the market. Gilt futures showed an initial weakness as the pound lost ground to the dollar in early foreign exchange trading, but then rallied as prices improved from a dull start in the cash market. Market sources suggested that building societies are generally seen to be buyers of stock when prices dip, and that sentiment is also supported by large gilt dividend payments due this month.

December delivery opened at 107-31, and fell to a low of 107-21. It touched a high point of 108-12 in the afternoon, and closed at 108-09, against 107-27 previously.

Eurodollar futures opened cheap to cash, but then rallied and stayed firm in reaction to three major factors. Firstly the deteriorating situation in the Lebanon, which is helping to keep the dollar firm. Secondly the successful three-year U.S. Treasury note auction held on Monday, and lastly the revision in expectations of the M1 money supply figure, which is now forecast to be about $1bn down on Friday, compared with earlier estimates of a rise in the region of $4bn.

December Eurodollars opened at 90.03, near to the lowest level of the day, and closed at the peak of 90.13, compared with 90.04 on Monday.

LONDON

THREE-MONTH STERLING DEPOSIT £250,000 points of 100%

	Close	High	Low	Prev
Dec	90.81	90.84	90.80	90.80
March	90.52	90.55	90.51	90.53
June	90.24	90.24	90.22	90.23
Sept	89.95	—	—	89.91
Dec	89.65	—	—	89.57

Volume 841 (684)
Previous day's open int 5,728 (5,705)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
Dec	108-09	108-12	107-21	107-27
March	107-26	107-29	107-10	107-10
June	107-13	—	—	106-29
Sept	107-00	—	—	106-10
Dec	106-15	—	—	106-04

Volume 2,682 (2,026)
Previous day's open int 3,170 (3,388)
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near futures contract) 4 to 14 (32nds).

STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec	1.4848	1.4860	1.4810	1.4867
March	1.4873	1.4873	1.4848	1.4898
June	1.4908	1.4908	1.4908	1.4930

Volume 411 (174)
Previous day's opening int 1,392 (1,454)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
Dec	0.3747	0.3749	0.3742	0.3750
March	0.3785	—	—	0.3788
June	0.3818	—	—	0.3821

Volume 59 (66)
Previous day's open int 447 (457)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
Dec	0.4627	—	—	0.4628
March	0.4694	—	—	0.4695
June	0.4758	—	—	0.4760

Volume nil (6)
Previous day's open int 126 (125)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
Dec	0.4250	0.4253	0.4235	0.4237
March	0.4288	—	—	0.4275
June	0.4323	—	—	0.4310

Volume 15 (28)
Previous day's opening int 157 (145)

CHICAGO

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.99	91.01	90.97	90.96
March	90.53	90.54	90.49	90.48
June	90.23	90.24	90.22	90.20
Sept	89.96	90.01	89.99	89.97
Dec	89.76	89.79	89.76	89.76
March	89.57	89.58	89.57	89.56
June	89.35	89.37	89.35	89.34
Sept	89.17	89.17	10.10	89.10

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	90.34	90.35	90.31	90.30
March	89.79	89.81	89.76	89.75
June	89.43	89.44	89.43	89.38
Sept	89.14	89.15	89.12	89.09
Dec	—	—	—	—
March	—	—	—	—
Sept	74.95	—	—	74.65

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
Dec	89.85	89.89	89.82	89.81
March	89.41	89.42	89.39	89.36
June	89.08	89.10	89.07	89.03
Sept	88.81	89.82	89.80	88.78
Dec	88.57	88.57	88.56	88.51
March	88.32	88.32	89.32	88.27

STERLING (IMM) $e per £

	Latest	High	Low	Prev
Dec	—	1.4870	1.4815	1.4860
March	1.4890	1.4890	1.4850	1.4890
June	1.4919	1.4910	1.4900	1.4920
Sept	—	1.4950	1.4900	1.4950
Dec	—	—	—	—
March	—	—	—	—

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
Dec	68-11	68-12	68-05	68-04
March	67-13	67-14	67-10	67-08
June	—	66-18	66-10	66-14
Sept	65-28	65-28	65-26	65-24
Dec	65-10	65-10	65-08	65-06
March	—	—	—	—
June	—	—	—	64-11
Sept	—	—	—	64-01
Dec	—	—	—	—
March	—	—	—	—

MONEY MARKETS

UK rates show little change

UK clearing bank base lending rate 9 per cent (since October 4 and 5)

UK interest rates were mostly static in London yesterday. Longer term rates may have been a shade firmer, following disappointment after the rise in UK money supply figures. Overnight interbank money opened at 9-9⅛ per cent and eased to 8⅞-9 per cent before coming back to touch 9⅛ per cent late balances were taken at 8 per cent.

The Bank of England forecast a shortage of around £250m with factors affecting the market including maturing assistance together with a take up of Treasury bills draining £34m and Exchequer transactions a further £275m. On the other hand there was a fall in the note circulation of £60m. The Bank gave assistance in the morning of £204m, comprising purchases of eligible bank bills, £6m in band 1 (up to 14 days) at 9⅛ per cent, £87m in band 2 (15-33 days) at 9 per cent, £38m in band 3 (34-63 days) at 8⅞ per cent and £73m in band 4 (64-91 days) at 8⅞ per cent. Assistance in the afternoon comprised purchases of £50m of eligible bank bills in band 2 at 9 per cent, making a grand total of £254m.

In Frankfurt the Bundesbank accepted bids for DM 4.6bn at yesterday's tender for 28 day repurchase agreements, at a rate already announced at 5.6 per cent. Total applications were DM 13.1bn with the funds allocated being credited to banks today. Lombard borrowing remained high and the shock waves caused by necessary rescue of the West German private bank Schroeder Muenchmeyer Hengst continued to prompt a strong demand for short-term funds.

In Paris the Bank of France left its money market intervention rate unchanged at 12.25 per cent when purchasing around FFr 20bn of first category paper from the money market.

In Tokyo Japanese commercial banks are to cut their prime rates as from this Friday to 5.5 per cent from 6 per cent following an earlier reduction in the discount rate to 5 per cent and the decision to reduce rates on time deposits from January 4.

LONDON MONEY RATES

Nov. 8 1983	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8-9⅛	9	—	—	8⅞-9¼	8-9¼	—	—	—
2 days notice	—	—	8¾-9	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	9¼-9⅜	—	—	—	—
7 days notice	—	9-9⅛	8⅞-9⅛	—	—	—	9-9⅛	—	—	—
One month	9¼-9⅛	9⅛-9¼	9⅛	9⅜-9⅛	9⅛	9¼-9⅜	9	9⅛	9⅛	9⅜
Two months	9¼-9⅛	9⅛-9⅜	9¼	9⅜-9¼	9¼	9⅛	9	8⅞	8⅞	9⅜
Three months	9¼-9⅛	9⅛-9⅜	9⅛	9⅜-9¼	9⅛	8⅞	9	8⅞	9⅛	9⅛
Six months	9⅛-9¼	9⅛-9⅛	9⅛	9⅛-9⅛	9⅛	—	—	—	8⅞-8⅞	9⅛
Nine months	9⅛-9⅜	9⅛-9⅛	9⅛	9⅜-9⅛	9⅛	—	—	—	—	—
One year	9⅛-9⅛	9⅛-9⅛	9⅛	9⅜-9⅛	9⅛	—	—	—	—	—
Two years	—	—	10⅛	—	—	—	—	—	—	—

ECGD Fixed Rate Export Scheme IV. Average rate for interest period October 5 to November 1 1983 (inclusive) 9.393 per cent.

Local authorities and finance houses seven days notice, others seven days fixed. Long-term local authority mortgage rates nominally three years 10⅞ per cent; four years 10⅞ per cent; five years 10⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four months' bank bills 8⅞ per cent; four months trade bills 9½ per cent.

Approximate selling rate for one-month Treasury bills 9 per cent; two months 8⅞-8[illegible] per cent; three months 8¾-8[illegible] per cent. Approximate selling rate for one-month bank bills 9 per cent; two months 8[illegible]-8[illegible] per cent and three months 8⅞ per cent; trade bills one month 9[illegible] per cent; two months 9[illegible] per cent and three months 9[illegible] per cent.

Finance House Base Rate (published by the Finance Houses Association): 10 per cent from November 1 1983. London and Scottish Clearing Bank Rates for lending: 9 per cent. London Deposit Rates for sums at seven days' notice: 5½ per cent.

Treasury Bills: Average tender rates of discount 8.8322 per cent. Certificates of Tax Deposit (Series 6). Deposits of £100,000 and over held under one month 9½ per cent; one-three months 9¾ per cent; three-months 9¾ per cent; six-12 months 10 per cent. Under £100,000 9¾ per cent from October 6. Deposits held under Series 4-5 10 per cent. The rate for all deposits withdrawn for cash 6 per cent.

INTEREST RATES

EURO-CURRENCY INTEREST RATES (Market closing rates)

Nov. 8	Short term	7 days notice	Month	Three Months	Six Months	One Year
Sterling	9-9⅛	9⅛-9⅜	9⅛-9¼	9¼-9⅜	9⅜-9⅛	9¾-9⅞
U.S. Dollar	9⅜-9⅝	9⅜-9⅝	9⅛-9¾	9¾-10	9⅞-10⅛	10¼-10⅜
Can. Dollar	8⅞-9¼	8¾-9⅛	9-9¼	9⅛-9⅝	9⅞-9⅞	9¾-10
D. Guilder	5¾-5⅞	5¾-5⅞	5-6⅛	6¼-6⅜	5⅞-6⅛	6¼-6⅜
S. Franc	0½-0⅝	0¼-0⅛	3⅛-3⅛	4⅛-4⅛	4⅛-4⅛	4⅛-4⅛
Deutschm'rk	5⅝-5¾	5⅝-5¾	5⅝-5¾	5⅝-5⅞	5⅞-5⅞	6¼-6⅝
Fr'nch Franc	18¼-18½	18¼-18½	12¼-12½	15-15¼	14-14¼	14¼-16
Italian Lira	15¾-15¾	16¼-17¼	16⅝-17⅛	17-17½	17¾-18¼	18⅜-19
Belg. Franc						
Conv.	8½-9	8½-9	8¾-9¼	9¼-9¾	9¾-10¼	10¼-10¾
Fin.	8¾-9¼	9-9¼	8⅞-9⅛	9⅜-9⅝	9⅞-10⅛	10⅛-10⅜
Yen	6⅛-6⅞	6⅛-6⅞	6⅛-6⅞	6⅝-6⅞	6⅛-6⅞	6⅛-6⅞
D. Krone	8⅛-9⅞	10⅛-11⅛	11-11½	11⅛-11⅛	11⅛-11⅞	11⅛-11⅞
Asia $ (Sing.)	8½-9⅝	9⅛-9⅛	9⅝-9¾	9⅛-10⅛	10⅛-10⅛	10⅜-10⅛

FT LONDON INTERBANK FIXING

(11.00 a.m. NOVEMBER 8)

3 month U.S. dollars		6 month U.S. dollars	
bid 9 7/8	offer 10	bid 10	offer 10 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Prime rate	11
Fed funds (lunch-time)	9⅜
Treasury bills (13-week)	8.75
Treasury bills (26-week)	8.85

GERMANY

Lombard	5.5
Overnight rate	5.60
One month	5.70
Three months	6.25
Six months	6.25

FRANCE

Intervention rate	12.25
Overnight rate	12.625
One months	12.4375
Three months	12.4375
Six months	12.4375

JAPAN

Discount rate	5
Call (unconditional)	6.03125
Bill discount (3-month)	6.34375

SWITZERLAND

Discount rate	4
Overnight rate	2-2½
One month	3⅞-3⅞
Three months	4⅞-4⅞

NETHERLANDS

Discount rate	5
Overnight rate	5¾-5⅞
One month	5-5⅞
Three months	5⅞-5⅞
Six months	5⅞-5⅞

$ CERTIFICATES OF DEPOSIT

One month	8.45-8.55
Three months	8.60-8.70
Six months	8.80-8.90
One year	10.1-10.3

LONG TERM EURO $

Two years	11¼-11½
Three years	11⅝-11⅞
Four years	11⅞-12⅛
Five years	12-12¼

SDR LINKED DEPOSITS

One month	8⅞-8⅞
Three months	8⅞-9⅛
Six months	8⅞-9⅛
One year	9⅛-9⅝

ECU LINKED DEPOSITS

One month	9½-9⅞
Three months	9⅞-9⅞
Six months	9⅞-9⅞
One year	9⅞-9⅞

London Clearing Banks' balances

as at October 19 1983

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. They are prepared by the London clearing banks and cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the monetary sector.

TABLE 1. AGGREGATE BALANCES

LIABILITIES	Total outstanding £m	£m	Change on month £m	£m
Sterling deposits:				
UK monetary sector	16,379		-235	
UK private sector	54,307		+204	
UK public sector	1,087		-61	
Overseas residents	8,213		+289	
Certificates of deposit	4,933		+237	
		84,919		+531
of which: Sight		26,854		-217
Time (inc. CD's)		58,065		+748
Foreign currency deposits:				
UK monetary sector	15,705		+154	
Other UK residents	3,367		+218	
Overseas residents	37,993		+1,122	
Certificates of deposit	5,461		-192	
		62,927		+1,302
Total deposits		147,846		+2,333
Other liabilities*		18,826		+690
TOTAL LIABILITIES		166,671		+3,023
ASSETS				
Sterling				
Cash and balances with Bank of England		1,330		-21
Market loans:				
Discount houses	3,073		+466	
Other UK monetary sector	13,889		-368	
Certificates of deposit	1,757		-255	
Local authorities	1,055		+6	
Other	945		+24	
		20,719		+361
Bills:				
Treasury bills	129		-79	
Other bills	1,577		+36	
		1,707		-44
Special deposits with Bank of England		—		—
Investments:				
British Government stocks	2,925		-98	
Other	3,168		+70	
		6,093		-28
Advances:				
UK private sector	56,763		+526	
UK public sector	402		-42	
Overseas residents	4,226		-20	
		61,391		+464
Other sterling assets*		9,551		+344
Foreign currencies				
Market loans:				
UK monetary sector	16,091		+370	
Certificates of deposit	689		-1	
Other	26,212		+1,494	
		42,999		+1,862
Bills		93		+1
Advances:				
UK private sector	4,078		-168	
UK public sector	474		+5	
Overseas residents	14,487		+96	
		19,038		-65
Other foreign currency assets*		3,751		+149
TOTAL ASSETS		166,671		+3,023
Acceptances		2,798		+271
Eligible liabilities		63,734		+136

* Includes items in suspense and in transit.

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m	TOTAL Change on month £m	BARCLAYS Outstanding £m	BARCLAYS Change on month £m	LLOYDS Outstanding £m	LLOYDS Change on month £m	MIDLAND Outstanding £m	MIDLAND Change on month £m	NATIONAL WESTMINSTER Outstanding £m	NATIONAL WESTMINSTER Change on month £m	WILLIAMS & GLYN'S Outstanding £m	WILLIAMS & GLYN'S Change on month £m
LIABILITIES												
Total deposits	147,846	+2,333	39,922	+522	27,631	+118	29,495	+1,371	46,711	+260	4,087	+61
ASSETS												
Cash and balances with Bank of England	1,330	-21	417	-14	225	+11	223	-11	420	-4	44	-3
Market loans:												
UK monetary sector	33,053	+468	9,146	+119	4,900	+158	4,210	+211	14,104	+18	693	-38
Other	30,664	+1,755	7,688	+441	6,653	+450	7,052	+916	8,293	-97	950	+45
Bills	1,799	-43	596	+95	412	-376	352	+82	396	+146	42	+7
British Government stocks	2,925	-98	860	-119	629	+11	725	-27	628	+16	83	-8
Advances	80,429	+398	22,754	+194	15,688	-141	15,843	-50	23,740	+311	2,404	+84

TABLE 3. INDIVIDUAL GROUPS OF BANKS' ELIGIBLE LIABILITIES

	TOTAL		BARCLAYS		LLOYDS		MIDLAND		NATIONAL WESTMINSTER		WILLIAMS & GLYN'S	
ELIGIBLE LIABILITIES	63,734	+136	19,537	+72	12,311	-393	11,286	+157	18,678	+240	1,922	+61

INTERNATIONAL CAPITAL MARKETS

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which is published monthly. The following are closing prices for November 8.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex O/S Fin 10¼ 90	100	93¼	93¾	−0⅛	−0⅛	11.72
Australia Comm 11¼ 00	100	99⅞	100⅜	−0⅛	−0⅛	11.22
Australia Comm 11½ 95	300	96⅞	96⅞	−0⅛	−0⅛	12.04
Australia Comm 11⅝ 98	100	96½	97	−0⅛	−0⅛	12.18
Bank of Tokyo 11 90	100	94¾	95¼	0	−0⅛	12.13
British Col Hyd 10⅝ 88	200	96⅜	96⅞	+0⅛	−1⅛	11.23
Brazil Fin 11⅞ 90	125	99⅜	99⅞	+0⅛	−0½	11.95
Canada 10⅞ 88	500	97⅞	96⅛	0	0	11.42
C.C.C.E. 11¾ 87	100	92¾	93¼	0	−1¼	12.86
C.C.C.E. 12⅝ 95	75	98⅜	98⅞	+0⅛	−0⅛	12.84
Can Imp Bk Com 11 90	75	92⅝	93⅜	0	0	12.61
Citicorp O/S 10⅛ 90	100	92	92½	+0⅛	−1¼	12.13
Citicorp O/S 11¾ 00	100	97	97½	+0⅛	−0⅛	12.35
Coca Cola Int 9⅞ 92	100	01⅞	01⅞	0	−0½	11.42
Cred Suisse BAH 10½ 95	150	98⅛	98⅜	+0⅛	−0⅛	10.84
Den Norsk Cred 11¼ 93	50	92⅜	92⅞	+0⅛	−0½	12.52
E.C.S.C. 11⅞ 90	75	98⅝	95½	0	−1	12.18
E.D.F. 11⅛ 93	190	92⅜	92⅞	0	−0⅛	12.46
E.E.C. 11 87	350	98⅛	98⅝	+0⅛	−0⅛	11.52
E.I.B. 10⅝ 93	200	01½	92	0	−0⅛	12.23
E.I.B. 11 81	125	94⅞	95⅜	+0⅛	−0⅛	12.81
E.I.B. 11⅞ 93	150	97⅝	98⅛	+0⅛	−0⅛	12.25
Electrolux 10½ 00	50	91¼	01⅜	+0⅛	−0½	12.43
Ensearch Fin 11⅝ 88	100	95⅝	95⅞	−0⅛	−0⅛	12.48
Fuji Int Fin 10⅞ 90	100	92⅞	93⅜	+0⅛	−0⅛	12.44
Gen Elec Credit 9¾ 91	100	91⅛	91⅝	+0⅛	−0⅛	11.47
GMAC O/S Fin 10½ 90	200	96⅛	96⅝	−0⅛	−1⅛	11.32
GMAC O/S Fin 11⅞ 90	100	98⅝	99⅛	+0⅛	−0¼	11.81
Honeywell Int 10¾ 00	100	97⅛	97⅝	0	−0¾	11.32
Indust Bk Japan 10⅞ 88	100	96½	97	−0½	−0⅜	11.81
Japan Air Lines 10⅞ 88	42	92⅜	92⅞	0	−0⅛	11.96
Japan Air Lines 11 93	75	94⅞	95⅜	+0⅛	−0⅛	11.87
J.C. Penney 11⅞ 00	100	100⅛	100⅝	0	+0⅛	11.78
J. P. Morgan 11⅜ 90 WW	100	97	97½	−0⅛	−0⅛	11.97
Levi Strauss Int 11 90	75	96¼	96¾	+0⅛	−0⅛	11.76
L.T.C.B. 10¾ 00	100	92¾	93¼	−0⅛	−1	12.33
L.T.C.B. 12½ 90	85	101½	102	−0¼	−0⅛	12.10
Merrill Lynch 10⅝ 00	200	93¾	94¼	+0⅛	−0⅛	11.97
Mitsubishi Corp 10½ 90	190	93½	94	+0⅛	−0½	11.90
Mitsubishi Fin 11⅜ 00	100	95⅞	96⅜	+0⅛	−0⅛	12.23
Nippon Credit 11 88	100	93¾	94¼	0	−1	12.36
O.K.B. 10 81	100	89⅛	89⅝	−0⅛	−1⅛	12.29
Ontario Hydro 10⅛ 00	250	93½	94	0	−0⅛	11.64
Ontario Hydro 11⅜ 90	200	99½	100	0	−0⅛	11.78
Pacific Gas & Elec 12 81	75	101¾	102¼	+0⅛	−0½	11.59
Prudential O/S 10⅝ 93	190	95⅜	95⅞	+0⅛	−0⅛	11.38
Quebec Hydro 11½ 92	100†	96⅝	97⅛	+0¼	+0⅛	12.08
Saskatchewan Pr 10⅛ 90	125	95⅝	96⅛	0	−1¼	11.57
Sears O/S Fin 11⅛ 93	100	97⅜	97⅞	−0⅛	−1	12.04
S.N.C.F. 11½ 88	100	96⅞	97⅜	+0⅛	−0⅛	12.62
Sth Cal Edison 10½ 90	75	96	96½	+0⅛	−0⅛	11.32
Sumitomo Fin 10⅞ 90	100	93	93½	−0⅛	−1⅛	12.40
Texaco Capital 9¾ 00	150	92	92½	0	−1	11.52
U.B.S. 10 88	100	98⅛	98⅝	+0⅛	−0⅛	10.36
World Bank 11⅛ 88	100	98½	99	+0⅛	−0½	11.57
World Bank 11¼ 90	200	95¾	96¼	0	0	12.13
World Bank 11½ 90	150	98	98½	+0⅛	−0½	11.86
World Bank 12 93	200	99⅛	99⅝	0	−0⅛	12.07

Av. price changes: on day 0, on week −⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Air Canada 7⅞ 93	100	100⅝	101⅛	+0⅛	+0⅛	7.24
A.M.A.S. 8¼ 88	100	99½	100	0	+0⅛	8.30
Arab Banking Corp 6 88	100	96¾	97¼	0	−0¼	5.77
Austria, Rep 7⅞ 89	100	100⅛	100⅝	+0⅛	+0½	7.53
Austria, Rep 8 93	100	100⅞	101⅜	+0⅛	−0⅛	7.82
Avon Int Fin 7½ 93	100	100½	101	0	−0⅛	7.38
Beatrice Foods 7¾ 93	130	103⅝	104⅛	+0⅛	0	7.17
B.F.C.E. 8¼ 90	150	101	101½	0	+0¼	7.85
Dresdner Finance 8 98 WW	250	107⅞	108⅜	0	−0¾	2.67
Dresdner Finance 4 00 XW	250	83⅞	84⅜	0	+0⅛	7.85
E.C.S.C. 8 00	100	100⅝	101⅛	0	−0½	7.82
E.E.C. 8⅛ 93	250	101	101½	0	−0⅛	8.06
E.I.B. 8 93	200	99½	100	0	−0⅛	8.03
Eurofima 7⅛ 00	190	101⅛	102⅜	+0⅞	−0⅛	7.88
Finland Rep 7½ 88	150	99¼	99¾	−0⅛	0	7.82
Finland Rep 8 90	190	98⅝	99⅛	+0⅛	+0⅛	8.17
Int Standard Ele 7⅞ 93	100	102⅞	103⅜	0	+0⅛	7.27
Ireland 8⅝ 91	150	100⅝	101⅛	+0⅛	−0⅛	8.45
Japan Dev Bank 7½ 90	100	101½	101⅝	+0⅛	+0⅛	7.22
Kobe City 7 93	120	97⅛	97⅝	−0¼	0	7.38
L.T.C.B. 8 90	100	102	102½	−0⅛	−0¼	7.55
Renault Acceptance 8 89	150	98⅛	98⅝	0	0	8.32
S.D.R. France 7⅞ 88	100	97¼	97¾	0	0	8.25
Sth African Tran 8¼ 00	100	99	99½	0	−0¼	8.39
World Bank 7½ 90	250	97⅛	98	−0⅛	−0½	7.94
World Bank 7⅞ 89	300	100⅛	100⅝	−0¼	−0⅛	7.78

Av. price changes: on day 0, on week −⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bank of Tokyo 6 91	100†	102½	103	+0⅛	+0⅛	5.55
Bergen, City of 5¾ 95	40†	99¼	99¾	−0⅛	+0¼	5.81
Denmark 6⅛ 91	100†	101	101½	+0⅛	−0⅛	5.18
E.D.C. 5⅝ 91	100†	100	100½	−0⅛	−0⅛	5.33
E.D.C. 6 93	100†	101	101⅛	+0⅛	+0⅛	5.83
Europarat 6⅛ 93	100†	98½	99	+0⅛	+0⅛	6.30
Ex-Im Bk Japan 5⅝ 91	100†	98¼	98¾	+0⅛	−1¼	6.87
Ind Fund Finland 6¼ 91	40†	101¾	102¼	+0⅛	+1⅛	5.82
Int-Am Dev Bk 6 88	100†	97¼	97¾	+0⅛	+0⅛	6.35
Japan Dev Bank 5⅞ 88	100†	101¼	101¾	0	−0⅛	5.67
Kansai Ele Power 6 91	100†	102	102½	+0⅛	+0⅛	5.82
Kawasaki Steel 6⅛ 01	100†	100½	101	0	+0⅛	5.90
Manitoba Prov 5½ 93	100†	100⅛	100⅝	+0½	0	5.43
Mont Blanc Tunl 6⅞ 93	35†	101	101½	+0⅛	+0⅛	6.20
Montreal Urban 5⅞ 93	100†	101	101½	0	+0⅛	5.57
Mount Isa Finance 6 93	100†	102½	103	0	+0⅛	5.62
NTG Bk Danmark 8¼ 91	00†	97¼	97¾	−0⅛	+1⅛	8.86
New Brunswick 5¾ 93	100†	101	101½	+0⅛	−0⅛	5.58

	Issued	Bid	Offer	Change on day	Change on week	Yield
Nisshin Steel 6¼ 91	100†	99⅜	100⅛	+0⅛	0	8.24
Osterr Draukraft 6 93	100†	102½	103	+0⅛	+0⅛	5.62
Osterr Post 6⅛ 01	100†	101½	102	+0⅛	−1¼	5.83
Sumitomo Heavy Ind 6 01	100†	99¾	100¼	−0⅛	+0⅛	6.06
Sumitomo Metal Ind 6 81	100†	100	100½	+0⅛	+0⅛	5.95
Tokyo Elec Power 5⅝ 81	100†	101	101½	+0⅛	−0⅛	5.67
Trizec Corp 6⅛ 93	100†	98¼	98¾	−0⅛	+0⅛	6.33
World Bank 6 95	100†	98½	99	0	0	6.15

Av. price changes: on day +⅛, on week +⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 8⅜ 92	15	105⅛	105⅝	0	+0⅛	7.77
E.I.B. 8¼ 92	15	102⅝	103⅛	−0⅛	−0⅛	7.75
Japan Airlines 7⅞ 87	9†	101¾	102¼	0	+0⅛	7.87
New Zealand 7⅞ 88	15	102¼	102¾	+0⅛	+0½	7.08
World Bank 8⅛ 92	20	103⅝	104⅛	0	0	7.68

Av. price changes: on day 0, on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Farm Credit 12¼ 88 CS	75†	99½	100	+0⅛	+0⅛	12.28
Norcen 12⅜ 93 CS	60†	96⅞	97⅜	0	+0⅛	13.29
TD MTG Corp 12½ 88 CS	40†	100⅛	100⅝	−0⅛	−0⅛	12.37
Quebec Hydro 12⅝ 93 CS	50†	100⅜	101⅛	+0⅛	+0⅛	12.53
Royal Trstco 12⅝ 88 CS	50†	100½	100⅝	−0⅛	−0⅛	12.52
World Bank 12¼ 00 CS	75†	100¼	100⅝	−0¼	+0⅛	12.13
Xerox Canada 12 88 CS	40†	102⅛	102⅝	0	−0⅛	11.31
E.E.C. 11¼ 93 ECU	70†	98⅞	100⅜	−0⅛	−0⅛	11.17
GenBounce 11 90 ECU	00	98⅛	98⅝	−0⅛	−0⅛	11.29
Algemene Bank 8⅞ 88 Fl	195	100¼	100⅝	−0⅛	−0⅛	8.88
Bank Mees & Hope 8 88 Fl	75	100⅞	101⅜	+0⅛	−0⅛	8.80
Elect Sup Brd 8⅜ 88 Fl	75	97⅛	97⅝	0	−0⅛	9.39
P.H.P. 8⅜ 88 Fl	50	99⅝	100⅛	0	−0⅛	8.77
Swed Exp Cred 7⅞ 88 Fl	100	95⅛	95⅝	0	−0⅛	6.87
World Bank 8 88 Fl	100	102⅛	102⅝	+0⅛	−0⅛	8.37
O.K.B. 14 00 FF	400	100⅞	101⅜	0	0	13.23
Solvay & Cie 14⅝ 88 FF	200	101⅝	102⅛	0	−0⅛	13.62
B.F.C.E. 11½ 88 £	50	98	98½	+0⅛	0	11.64
British Oxyg 11¾ 01 £	50	100	100½	0	−0¼	11.64
CEPME 11¼ 95 £	35	99¼	100⅛	0	+0¼	11.27
CIBA-Geigy Int 8⅜ 93 £	25	99	99½	+0⅛	+0⅛	6.94
E.E.C. 11⅝ 91 £	50	100⅝	101⅛	+0⅛	−0⅛	11.66
E.E.C. 11⅞ 93 £	50	100⅝	101⅛	+0⅛	−0⅛	11.71
Fin For Ind 10½ 88 £	20	94½	95¼	0	−0⅛	11.63
Finland Rep 11⅞ 88 £	00	99⅞	100⅜	0	0	11.78
Fin Mat Oranj 12⅛ 92 £	30	103⅛	104⅛	0	+0½	11.81
Gen Elec Co 12½ 89 £	50	103¼	104¼	−0⅛	+0⅛	11.48
I.I.I. 10⅝ 93 £	25	94⅞	95½	+0⅛	−0⅛	11.66
Mort Bk Fin 11⅜ 89 £	15	97⅞	98⅜	+0⅛	+0⅛	12.26
Norsk Hydro 12 90 £	30	102⅞	103⅜	+0⅛	+0⅛	11.33
Sweden 11¼ 93 £	90	97½	98⅛	0	+0⅛	11.81
Swed Exp Cred 11¼ 88 £	00	98⅛	98⅝	+0⅛	+0⅛	11.95
World Bank 11⅛ 88 £	100	98⅛	98⅝	0	−0⅛	11.52
Euratom 11 93 LuxFr	500	102⅞	103⅜	−0⅛	+0⅛	10.48
Europarat 10⅝ 93 LuxFr	600	102⅛	103⅛	0	−0⅛	10.28

FLOATING RATE NOTES	Spread	Bid	Offer	C.date	C.cpn	C.yld
B.F.C.E. 5⅛ 88	0⅛	99⅝	99⅞	28/1	10.18	10.23
Caisse Nat Tels 5⅛ 90	0⅛	99⅝	98⅞	21/4	10	10.06
C.C.F. 5⅛ 95	0⅛	99⅝	99⅞	7/4	9.94	9.99
C.C.F. 5⅛ 90	0⅛	99⅞	100	24/3	10.10	10.20
Cepme 5⅛ 88 WW	0⅛	99⅞	100⅛	3/12	10.56	10.57
Cepme 5⅛ 92	0⅛	99⅝	99⅞	10/12	10½	10.53
Chemical NY 8⅛ 94 ††	0⅛	100⅛	100⅜	23/12	10	9.95
C.N.C.A. 5⅛ 95 XW	0⅛	99⅝	99⅞	7/12	10	10.05
C.N.C.A. 5⅛ 97	0⅛	99½	99¾	24/3	10.31	10.35
C.M.T. 5⅛ 91	0⅛	99⅝	99⅞	6/5	10.19	10.24
Credit Foncier 5⅛ 93	0⅛	99⅝	99⅞	9/4	10	10.05
Credit Lyonnais 5⅛ 94	0⅛	99⅝	99⅞	5/1	10.31	10.38
Credit Lyonnais 5⅛ 97	0⅛	99⅝	99⅞	1/4	10	10.05
Credit Nat 5⅛ 94	0⅛	99½	99¾	9/2	10⅝	10.70
Denmark 5⅛ 90	0⅛	99⅝	99½	13/4	10	10.06
Dresdner Fin 5⅛ 93 XW	0⅛	100⅛	100⅜	19/8	9.94	9.91
E.D.F. 5⅛ 95 XW	0⅛	99⅞	100⅛	19/2	11⅛	1.38
E.E.C. 5 90	0⅛	100	100⅛	5/1	10.19	10.17
Hispano 5⅛ 95	0⅛	99⅝	99⅞	20/4	10	10.15
NZ Steel Dev 5⅛ 92	0⅛	100⅛	100⅜	22/12	10⅛	10.22
Nippon Credit 5⅛ 90	0⅛	100⅛	100½	10/2	11⅛	11.21
Soc Generale 5⅛ 90 XW	0⅛	99⅝	99⅞	9/11	9⅛	9.17
Société Générale 5⅛ 95	0⅛	99⅝	100	1/3	10.31	10.32
Sweden 5⅛ 88	0⅛	99⅞	100⅛	26/2	10.19	10.19
Sweden 5⅛ 93	0⅛	100⅛	100½	3/2	11.18	11.15

Av. price changes: on day 0, on week −⅛

CONVERTIBLE BONDS	Conv. date	Conv. price	Bid	Offer	Chg. day	Prem
Bridgestone Tire 5½ 98	3/82	478	118⅛	120⅛	+0⅛	0.38
Canon 7 07	7/82	702.2	214⅛	215⅞	+0⅛	14.38
Daiwa Sec Co 6⅛ 98	10/83	508	96	97⅛	+0⅛	3.70
Hitachi Cable 5¼ 90	2/82	515	106⅛	107⅜	−0⅛	8.37
Honda Motor 5¼ 98	6/83	894	115½	116⅛	0	0.32
Honda Motor 5½ 97	3/83	769.8	134½	135⅝	−0⅛	−0.34
Konishiroku Photo 4 98	10/83	673	80½	90½	+0⅛	4.80
Kyowa Hakko 8⅛ 97	2/83	762	109	110⅛	+0⅛	18.94
Minebea Co Ltd. 5½ 98	5/83	667	111⅞	112⅜	−0½	9.07
Mitsubishi Electric 5¾ 98	6/83	396	110	111	+0½	3.82
Nippon Electric 5⅛ 07	2/82	785.9	170⅛	172⅛	+3⅛	2.52
Nippon Oil Co 5½ 98	4/83	964	118⅞	119⅞	+1⅛	4.28
Nissan Motor 5⅛ 98	4/83	770	100⅛	101⅜	+0⅛	11.12
Olympus Optical 6⅞ 97	12/82	1321	161	162½	+0⅛	24.86
Orient Finance 5⅛ 97	3/82	927.2	98½	99	−0⅛	18.87
Orient Leasing 5⅛ 90	6/83	2880	92⅛	93⅛	−0½	6.29
Secom 6 98	11/83	2828	124	125½	+1⅛	8.92
Sumitomo Electric 5½ 97	3/82	577.3	117⅛	118⅝	+0⅛	2.34
Yamaichi Sec Co 5 98	8/83	472	96⅛	97⅜	−0½	4.82
Yamanouchi Pharm'cal 4 98	10/83	1988	96⅛	97¼	+0⅛	7.19
NEC Corp 3½ 92 SF †	6/83	978	143⅞	146⅛	+1⅛	4.88
Sotsu Paper 3⅝ 93 SF †	9/83	716	101⅛	103¼	−0⅛	13.76
Ardic 5 92 DM	12/83	528	106½	107½	+0⅛	10.76
Konishiroku 6⅛ 88 DM	6/82	610	113⅞	116⅝	0	9.23
Sumi Realty 6⅛ 92 DM	2/83	365	122¼	123⅛	+0⅛	−4.84

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date = Date next coupon becomes effective. Spread = Margin above six-month offered rate (†† three-month; § above mean rate) for U.S. dollars. C.cpn. = current coupon. Cy. yld = current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Algerian loan mandate settled

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT, IN LONDON

A GROUP of international banks was on the verge last night of winning the mandate to arrange a $700m loan for Algeria, one of the most hotly contested deals the Eurocredit market has seen in recent years.

Algeria is expected to make a formal announcement of the mandate later this week, but it was already clear yesterday that the winning group would comprise: Bank of Tokyo, Bankers Trust, Chase Manhattan, Crédit Agricole, Crédit Lyonnais, Gulf International, Industrial Bank of Japan, Lloyds Bank International, Long Term Credit Bank, Société Générale and the UBAF group.

Terms are expected to include a margin of ⅝ per cent over Eurodollar rates for the first six years rising to ¾ per cent for the remaining two. The management fee is expected to be 0.5 per cent and repayments of the loan would begin after a grace period of five years.

Algeria is to raise the money in the name of two state banks, Banque Extérieure d'Algérie and Banque Nationale d'Algérie, which are now negotiating technical details of the mandate.

Competition to lead the borrowing has allowed Algeria to win finer terms on this deal than on a $700 m loan for its hydrocarbons concern, Sonatrach, earlier this year. That loan carried a margin of ½ per cent for the first two years only, rising to ⅝ per cent for the following six.

Attention turns to Japanese issues

By Our Euromarkets Correspondent

THE EURODOLLAR bond market turned its attention to Japanese convertible issues yesterday, as secondary trading of fixed-rate bonds was dull with New York closed for a public holiday.

Central Finance, the consumer credit company, is raising $30m through an eight-year issue with an indication coupon of 4⅛ per cent. The conversion premium, expected at around 5 per cent, and other final pricing details, will be set next Wednesday.

Nikko Securities, which is leading this issue, was also poised last night to launch an $80m convertible issue for Fujitsu Fanuc, the electronics concern. This 15-year issue is likely to bear a coupon of 4⅛ per cent.

It is a mark of the demand for Japanese equity-linked bonds that even before its formal launch, the Fujitsu issue was quoted by some dealers above its expected issue price of par.

Fixed-rate bonds edged up about ⅛ point yesterday on limited bargain-hunting by professional dealers.

Japanese convertible issues also dominated the Swiss market yesterday, where Toshiba has announced a SwFr 100m public convertible issue, as well as a private placement for the same amount. Credit Suisse will lead both issues, which will be for 10 and five years, respectively. Final terms will be set next Thursday. Showa Electric is also raising a SwFr 50m, six-year private convertible placement through Swiss Bank Corporation and Daiwa (Switzerland).

Swiss and German bond markets were little changed yesterday. SNCF, France's state railway, has launched a DM 100m, 10-year 8⅛ per cent bond at 99.5 per cent through Commerzbank. Like Monday's DM 250m issue for Barclays Bank, the bonds were well received.

SHF Bank bond average		
Nov 7		Previous
98.547		98.574
High	1983	Low
102.017		97.689

SECTION IV

FINANCIAL TIMES SURVEY

Commercial Vehicles

A sharp decline in export markets has hit heavy truck manufacturers worldwide. In Europe, cut-throat pricing has led to sharp words between rival groups and one result is likely to be the hastening of inevitable rationalisation

A struggle to stay on the road

By KENNETH GOODING, Motor Industry Correspondent

ONE NASTY symptom of the serious sickness which currently afflicts the European truck industry is the way that the major producers have been pointing accusing fingers at one another and making allegations about "unfair trading."

Much of the invective has been directed at Daimler-Benz, biggest of the European heavy truck groups, and certainly the one with the most financial muscle. Its rivals maintain that the Mercedes group has been grabbing sales through excessive discounts or other cut-price financial schemes in almost every European market.

And it is not just the truck companies which have complained. One authoritative observer, not directly involved in the industry, suggested recently: "Daimler-Benz did not throw its considerable weight around in the past. It was content to take the profit on its higher volumes and low-cost production rather than to use its power to crush the competition. But in the past year or so that seems to have been stood on its head."

Herr Hans-Jeurgen Hinrichs, D-B's sales director, dismisses the allegations in this way. "We are the biggest producers in Europe so everybody points the finger at us. There is some jealousy that we are the only truck producer which has not been forced to go on short time or to lay people off."

And the late chairman, Dr Gerhard Prinz, said recently: "Of course we want to improve our position in the European markets. But there is no question of setting ourselves a target of avoiding short-time working whatever it costs.

"It is a little bit flattering if your opponents try to blame you for the fierceness of the competition. We will not retaliate. We are too proud to accuse them of the same thing."

But still the accusations fly. "Mercedes has been selling tractors at close to our manufacturing costs—surely their costs are not that much lower?" one truck salesman asked.

In Britain his company had lost a deal because D-B quoted £11,500 for a truck with a list price of over £16,000. Another example from the UK: D-B sold four 32-tonners at £19,900 each or £10,000 below the £29,000 list price.

The explanation for this kind of cut-throat pricing, according to some in the industry, is that D-B wants to get through the recession without putting its truck plant at Wörth on short-time working. "It has become a kind of corporate virility thing," was one typical comment.

To understand this point you need to know more about Western Europe's largest truck assembly plant at Wörth near Karlsruhe which came on stream in July 1965 and since then has created 11,000 jobs—about 2,000 of them for people who daily cross the border from Alsace.

Perspective

Wörth produces trucks between 6 and 26 tonnes gross weight of which normally more than 70 per cent are exported to over 100 countries. Its output usually accounts for 60 per cent of all the trucks sold in West Germany. Production reached 110,000 in 1981 and, to put this in perspective, as far back as 1979 output from Wörth overtook and remained ahead of total UK output of trucks in the same class.

But, as Dr Prinz suggested: "You can't have big sales volume without a good dealer network. We have a very efficient dealer network."

And other D-B executives point out that the substantial increases in market share the group is now achieving in various European markets result from all the hard work over many years when the strong distribution network was put into place.

As a result, D-B is cranking up its European market share substantially in the recession so that it will emerge with a higher base from which to make more normal progress in more normal times.

All this aggravation and turmoil within the European heavy truck industry has been caused mainly by the very steep drop in demand from export markets.

Third World countries have run up huge debts and have stopped buying trucks. Oil-producing countries have run into revenue problems and stopped buying trucks.

The Europeans had assumed they had protected themselves to some extent by setting up assembly facilities in key export markets so that they at least would have some revenue from kit shipments.

But in many countries, such as Nigeria, the tap has been turned off completely.

That means competition for the "spot" orders has become exceptionally severe.

For one big order can make a great deal of difference. For example, Enasa, the Pegaso group of Spain, is riding out the recession with the help of a $1bn contract to supply 11,500 trucks and buses to the Egyptian army during 1981-84. And Renault Vehicules Industriels orders from Algeria have boosted exports of trucks over 5 tonnes gross weight from France by 2,500 to 3,600 in the first half of this year.

D-B's sales force has done well in the Middle East so far—one estimate suggests that 25 per cent of Worth's output during the past 12 months has gone to Iran.

It is not only European truck producers which have been suffering from the lack of export business. The two Japanese heavy truck makers are also struggling.

Output down

Nissan Diesel's output last year fell by 16 per cent, from 44,041 in 1981 to 36,951. Hino's production dropped by 11 per cent from 69,276 to 61,485 and in the first nine months of this year truck exports from Japan have fallen by about 30 per cent.

Some of the European manufacturers also had hopes that by now their investment in the U.S. would be beginning to pay off but, although sales of light-weight commercials in the U.S. have risen substantially, there is still sluggishness at the heavier end of the market.

In the 1982 model year (which ended in September 1983) sales of medium trucks in the U.S. fell 5.8 per cent to 46,648, while the heavyweights dropped by 9.5 per cent from 143,097 to 129,440.

The European producers, therefore, have been faced with the fact that however widely they had spread their net for sales, demand worldwide had taken a dive.

They were left only with European markets that were reasonably buoyant although by no means near the peaks. That is why bitter competition spread quickly throughout the major European territories.

As a result truck production, according to DRI, will drop nearly 10 per cent, from 328,387 to 296,580 and be no less than 24 per cent below the peak of 391,656 seen in 1979.

DRI forecasts that there will be a slight recovery in European output next year, to 311,323. But D-B seems to be taking a less-optimistic view.

Output at the Worth plant this year is likely to be 96,000 compared with the 110,000 which the rest of the industry believes is the facility's capacity. D-B has told suppliers that Worth's production is likely to be down to 90,000 next year.

So D-B at least foresees no easing up in the battle for sales next year.

Many people believe that this can only speed the inevitable rationalisation of the European truck manufacturing sector. They point out that Western Europe still has 16 independent truck makers against seven in North America, eight in Eastern Europe and two in Japan.

The consensus opinion is that by 1990 the world will make do with 10 to 15 producers. Continuation of the recession might also accelerate the trend towards joint ventures between key component suppliers and the truck makers along the lines of the deals between Iveco and Rockwell (axles) Iveco and Eaton (transmissions) and between Leyland and Cummins (engines).

The major component makers no longer dare to suggest that the European industry will be forced to "de-verticalise" and that the day will come when D-B, Scania and Volvo will give up making their own engines, gearboxes and axles.

But they do say that even these groups, dedicated as they are to vertical integration, will in future buy in more of the low-volume, high-technology components they will need.

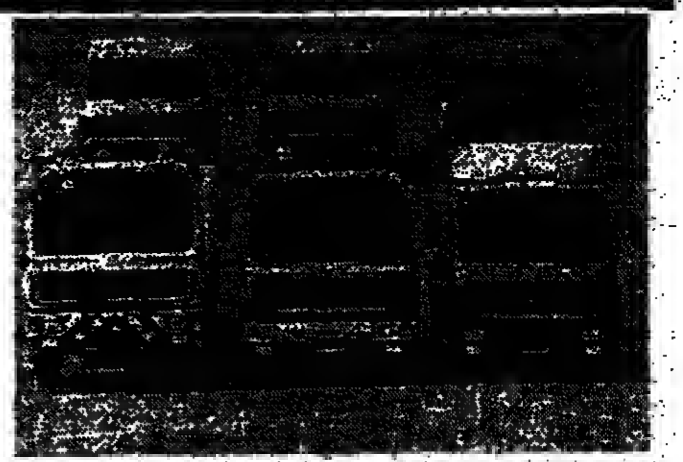
On the other hand, both D-B and Volvo believe that ultimately they can take their philosophy—"we build everything that goes into our trucks, so take it the way I make it"—into North America where an entirely different approach is the order of the day. There the truck builders believe in getting economies of scale by encouraging outside companies to make engines or transmissions or axles and then package those bought-in components in a vehicle which ultimately is different from the competition's even though rival truck producers might use all the same key components.

The industry is watching the North American market very carefully to see just how this conflict between the two highly-different philosophies develops.

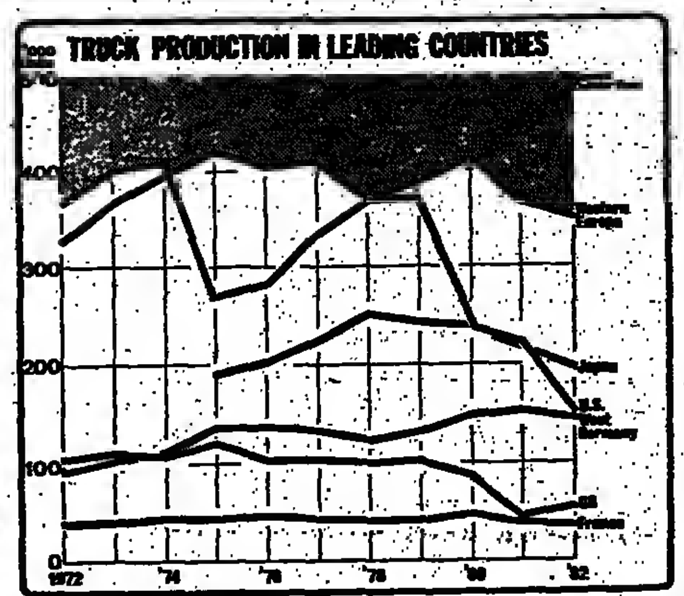
According to the optimists, the rewards to the industry's survivors could be substantial. General Motors, for example, is sticking to its forecast that by 1987 demand for commercial vehicles in the "free world outside North America" will be around 6.5m. Add the projected 4.5m for North America and that implies a world market of 11m vehicles five years from now.

Compare that with the record 9.3m sold in 1979. GM forecasts that by 1990 commercial vehicle sales in Middle East, African, Latin America and the Pacific rim alone will be 3.5m—equal to the combined sales in Europe and Japan today.

Many truck groups will find it a real struggle to get through the more-immediate problems, however. As Mr John Lawson, director of DRI Europe's automotive group says: "It is difficult to see any company making much money from the truck business in the medium term."



Some of the trucks offered by Daimler-Benz, Europe's major heavy truck producer, which is at the centre of arguments about pricing



CONTENTS

The UK: moving up out of the slump

SALES FIGURES for UK commercial vehicles so far this year appear to suggest that the industry is moving swiftly out of its worst slump for over 40 years.

By end-September, the UK market was up by 17.9 per cent at 206,535 compared with the same period of 1982. But the final outturn this year will still be far below the record 300,565 units of 1979.

And the overall figures disguise the fact that the market for trucks "proper" — of 3.5 tonnes gross weight and above —was running a mere 7.6 per cent higher.

Last year saw just 399 more trucks sold than the 44,950 of 1981—the year in which the industry slid to the bottom of its post-war trough.

At the same time, highly-important overseas markets in Opec states and the developing world, have collapsed. The plunge in Leyland Vehicles' sales to Nigeria, for example—to an expected 100 this year from 1,300 in 1982 — is an experience shared by truck makers outside of the UK. MAN, West Germany's second largest maker, supplied 5,600 trucks to the Middle East in 1981. The number in the first six months of this year, was just 47.

The UK industry's exporting problems are compounded by the strength of its oil-supported currency — not least on the Continent, where it must also expand sales if it is to survive.

By the same token, it has made the UK market much more vulnerable to Continental importers anxious to find substitute markets for those in the Third World which have vanished.

Discounts war

In the discounting war rife since the start of the recession, importers have thus had much more room to manoeuvre on prices. Import penetration in the heavy trucks sector has risen from 22.6 per cent in 1981 to 28.84 per cent last year, and to 32.08 per cent in 1983's first nine months.

That total UK commercials production rose last year, by 17 per cent to 268,800, was again primarily a reflection of recovery in the vans sector; and has not been sustained this year.

In the first half, total output fell by 4.45 per cent, to 132,645. But Leyland Vehicles' heavy truck output was down 20.7 per cent to 6,350; Bedford's down 7.3 at 25,500; Karrier Motors' down 29.4 at 2,515; ERF's down 22.5 to 780 and Seddon Atkinson's 32.3 to 610. The smaller 6.7 per cent fall in Ford's commercial vehicles output reflects its large production of light commercials.

Consolations for the UK industry are that job and other cost-cutting has greatly diminished financial losses, while years of uncertainty have been lifted by the Government's decision to raise maximum operating weights from 32 to 38 tonnes.

The second factor has not produced a major surge in orders; but the catastrophic fall in exports should be at least partly offset. A general industry view is that heavy truck sales this year should reach 49,000-50,000.

Leyland Vehicles predicts a further increase to about 54,000 units next year. Mr Alan Fox, chief executive of Iveco UK, which imports Fiat's Iveco trucks, is slightly more optimistic, suggesting 55,000—nearer to the "normal" UK market level of 60,000.

Mr Fox, in reporting a turnround from a £1m operating loss to a £2m profit this year, also suggests that the discounting war is now abating—a development, however, about which other manufacturers are more sceptical.

Despite the UK's problems, it is still regarded as a viable manufacturing base by the multi-national companies. Latest evidence of this is Ford's decision to spend £74m on its van plant at Southampton, where the Transit's successor, Tritoo, is expected to be built next year. It follows £125m spent on introducing Cargo trucks at its Langley, Berkshire, plant and forms part of £1bn Ford is investing in commercials over the next few years, 80 per cent in the UK.

Ford is determined to use Britain as the base from which it intends to take over European market leadership not just in light commercials, but in the over 3.5 tonnes sector as well.

A more cautious vote of confidence has been given to Bedford by its parent, General Motors. Early this year, Bedford was split from Vauxhall cars to become part of GM's "world trucks" business, reporting direct to world trucks headquarters at Pontiac, Michigan. Bedford had been profitable up to 1980—a performance disguised within Vauxhall's losses.

Ironically, last year, given the exports collapse it was probably responsible for most of Vauxhall's nearly £40m net loss.

That has not stopped GM from announcing that it will spend £70m on Bedford in the next three years, £50m on its van lines at Luton to prepare for a one-tonne van based on a Japanese Isuzu model, and possibly a Suzuki-based microvan.

Renault's commercial vehicles arm, RVI, is also looking to expand output in the UK, with the declared intention of becoming as "natural" a part of the UK motor industry as Ford or GM. By the end of this year, it will have 90 per cent of Karrier Motors, maker of Dodge trucks, having acquired a half-share from Peugeot two years ago.

To the existing Dodge range built at Dunstable are being added two Renault vehicles: a high-power 16-tonne truck, the G170, designed specifically for the UK market; and the 38-tonne G260. Karrier envisages output of 500 trucks a year for them which could mean, in the longer term, more jobs.

Karrier's managing director, Mr Laurent Brisset, says Karrier should break even next year; it lost £4m net in 1982, after being given a £10m subsidy from Peugeot.

The extent of the problems still facing Leyland Vehicles was hammered home earlier this year with a warning from Mr Les Wharton, new managing director of Leyland Trucks, that the company was literally "fighting for its survival." He said the recovery plan, involving 4,100 job losses last year, had stalled and further cost-cutting was needed, implying more job losses, plant closures and product range cuts.

His warning was followed, a few months later, by cautious reassurance from Leyland Vehicles' chairman, Mr Ron Hancock. The company is worth saving, he stressed, and forecast that it would trade profitably—but not until 1987. It recorded a trading loss of £59m (£73m in 1981).

Mr Hancock pointed out that market share in the UK had improved this year, from 12.8 per cent to 14.5 per cent by the end of September after 10 years of shrinkage. Over 18 months, fixed costs had been cut by 40 per cent, manpower by 30 per cent and stocks by 22 per cent.

But he acknowledged that profitability will depend on a 60,000 a year UK market and a recovery in exports to 50 per cent of output against the current 25. To this end, Leyland continues to expand its network in France as the base for increasing Continental sales, and has lifted T45 Roadtrain sales there from 63 in 1981 to 300 last year. A new company, Leyland Vehicles Industrials, has been set up to co-ordinate mainland European activities.

Output has dropped further from 31,000 in 1977. It was 14,200 last year and 6,350 in this year's first half, compared with 8,015 in first-half 1982.

But it is still investing at a high rate and it should receive a boost early next year from the replacement of its 13-year-old Terrier truck range, in the 7-11 tonnes category—which accounts for 30 per cent of all truck sales.

Potential

The UK's last independent heavy truckmaker, ERF, has just taken its second step to broaden its operations, launching its first 16 tonne truck for 15 years and doubling its potential market size. Mr Peter Foden, its chairman, says ERF will get access to a 9,000-a-year market, of which ERF should be able to capture 7-8 per cent (it has 13-15 per cent of the 28-tonne-plus market, estimated at 10,000 this year).

In June, ERF announced that it would collaborate with Hino of Japan to produce 12-15 tonne trucks. There will be no direct Hino investment in ERF, but easy financing for components and access to Hino's production techniques. Initially, 60 per cent of components would be British. ERF has almost halved its work force to 600, and cut output from 16 to seven trucks a day, but the results are showing up in the balance sheet: a £1.9m trading deficit in 1982 was transformed into an £84,000 trading profit; still a net loss of £1.6m but just one third that of 1982. This year, says Mr Foden, there will be a net profit.

A more uncertain future faces Seddon Atkinson, the Lancashire truckmaker put up for sale by the financially-troubled U.S. group, International Harvester. IH bought Seddon in 1974, when it was conceiving a grand plan to become a pan-European truckmaker involving also a stake in Enasa, the Spanish trucks group. IH paid £10m for Seddon, but said recently its net worth had fallen to below £4.5m after three years of losses.

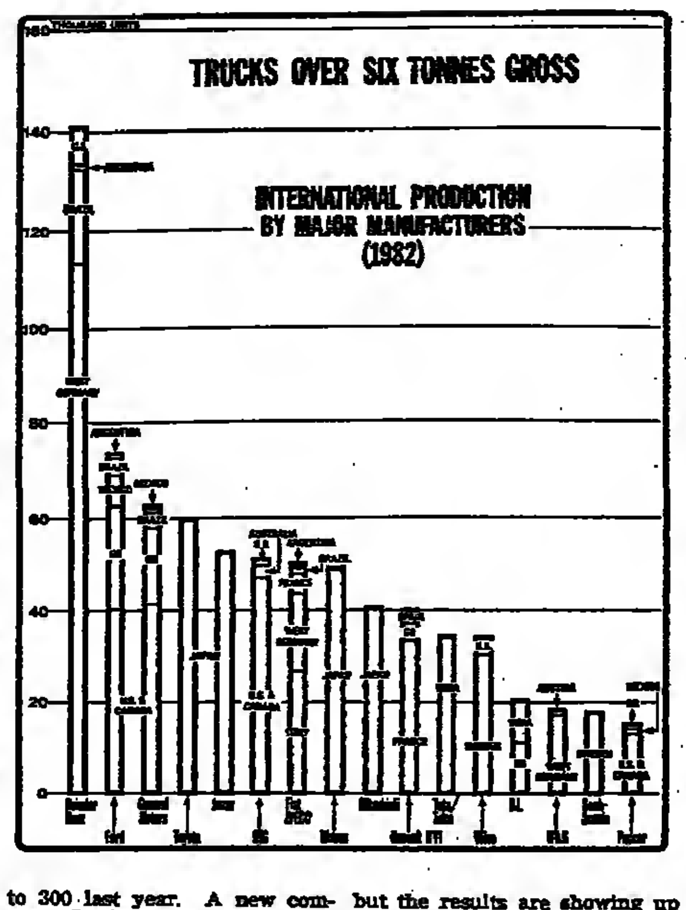
It has already unwound its holding in Enasa, which is seeking to acquire Seddon itself. INI, the Spanish state holding company, has promised a decision by the end of the year.

Meanwhile, Sandbach Engineering, the maker of Foden trucks acquired by the Paccar group of the U.S., is continuing production of premium, custom-built trucks, and Ford's Transcontinental tractor unit, at 50-60 a month. It appears to be trying to quietly bury the Sandbach Engineering name — reverting instead to Foden.

And Volvo (GB), which makes trucks at Irvine, Scotland, continues to hope that its classification as a UK manufacturer will be restored, after it was withdrawn by the Society of Motor Manufacturers and Traders earlier this year.

Elsewhere in the UK, Hestair Dennis, another independent, is continuing steady output of trucks in the specialised categories such as municipal vehicles and fire tenders. Sales last year rising from 305 to 354.

John Griffiths



The U.S: light trucks boost the market

WHILE THE U.S. recession deepened last year to produce the most hostile climate industry had known since the 1930s, one section of the motor industry was anticipating the recovery which arrived so explosively in the first quarter of this year.

As car sales slipped still further, and heavy trucks remained in the doldrums of the past few years, light truck deliveries soared by 17 per cent. Shipments were so strong that they pushed the entire commercial vehicle market up by 13 per cent.

Explanations for this surge are not easy to come by. It may simply be that small shopkeepers felt the upswing in consumer demand before it showed up on the statistics, or just sensed that it was coming. The decline in interest rates towards the end of the year must also have helped, along with new product launches. The result is an upsurge of interest and profitability which has followed through into the current year and shows no sign of abating.

By the end of September, when the U.S. model year came to an end, the light truck bonanza had pushed up overall commercial vehicle sales by almost 20 per cent over the 12 months. World deliveries amounted to 2,903,500 units against 2,421,190 in the previous period, but sales of light trucks — defined as less than 18,000 lbs gross vehicle weight —increased disproportionately by 22.4 per cent to 2,727,450 vehicles against 2,228,570 in 1981-82.

Boom

The popular and expanding compact truck market for pick-ups and sports-utility vehicles went over the 1m mark for the first time in the 1983 model year after a spectacular boom in demand: unit sales hit 1,020,945, a gain not far short of 50 per cent on the previous year's 30.8 per cent.

By contrast, medium and heavy trucks continued on their downward trend until the final two months of the summer. Medium weight vehicle sales fell by 5.8 per cent from 49,530 to 46,650, while heavy vehicle deliveries were down by 9.8 per cent from 143,100 to 129,440.

Manufacturers believe that the signs of an upswing in August and September indicate that the low point in the heavy truck cycle has now been passed. With light truck and van sales also racing ahead at a spanking pace, they are looking for yet another boom year performance from the sector. Ford, for example, believes that the market this year could reach about 3.2m units, growing in 1984 to 3.57m.

The main beneficiaries of the recovery that has occurred so far have been General Motors and Ford, both of which have produced new products to contend with the vigorous Japanese competition in the light truck part of the market. As a result, Toyota has been forced out of its number two position, with GM's Chevrolet division retaining the lead for the second year running, but Ford coming through to make a strong challenge.

Launch

The position of Ford, and the speed with which it has overtaken Toyota, underlines its effectiveness in the launch of its first compact domestic vehicle. Its sales over the 12 months rose by 171 per cent to 207,654 units, while Toyota scored 169,104—up 24 per cent from the previous year, but still not enough to trouble the two leaders.

Chevrolet's performance has benefited from a mix of small commercial vehicles between its established C and K model range and the S10 pick-up range introduced in September 1982. In its first 12-month period, the S10 has reached a 20.4 per cent penetration of its domestic compact truck market, with total sales of 181,182.

The jaunty high-seat SA10 Blazer model alone sold virtually 80,000 units last year aided by these new products, Chevrolet advanced to a record 12 months' truck sales figure, while during September, deliveries in this sector reached almost 100,000 units, some 10 per cent higher than the group's previous high point for the month back in 1978.

Pitted against the Chevrolet is the Ford Ranger, another medium-sized pickup which has been on the market for about 18 months, and which now appears to be catching up on the GM vehicles. Ranger sales in the model year reached 181,160, and deliveries have been growing since the company introduced a V6 engine variable to the original four-cylinder unit on offer.

Chevrolet and Ford's resurgence is a classic case of manufacturers being jolted into action by a competitive challenge. Until the introduction of the new models, both of the U.S. companies had been hit very hard by competition from Japanese imports. Both had quality problems. Now they have come back to recapture well over 60 per cent of sales.

The battle, however, is by no means over, because it is in precisely this sector of the market that Nissan, the Datsun producer, has decided to launch its challenge as a local U.S. vehicle manufacturer.

Its new $660m plant at Smyrna, in Tennessee, came into production in the summer, with the initial aim of building up steadily to an output of about 120,000 units a year from one shift.

In a similar fashion, the U.S. manufacturers are facing steadily-increasing import competition in the heavy truck market as well. This sector has been exceptionally depressed over the past two years, partly as a result of the general economic recession and partly due to the move to deregulate the trucking industry. Last calendar year, sales dropped below the 200,000 units level for the first time in many years, and will almost certainly not be much better for 1983.

One of the problems for forecasters is that the deregulation of the industry has had a virtually incalculable impact. What this has done is to remove restrictions on entry to the industry and stop the controls over route allocations. Thus at a time when the established hauliers were already caught in the grip of lower demand, they have also been hit by increased competition. About one third of the 300,000 trucking labour force is reckoned to be officially laid off. Rates have been forced down, cashflow squeezed, and orders consequently reduced.

Hoping

Forecasters are hoping for a resurgence that will see sales at about 240,000 units next year, and 280,000 in 1985 — figures based partly upon the recovery in the economy, and partly on changes of structure in the industry. Many new companies, it is believed, are now establishing themselves as hauliers, often run by former drivers who have been laid off. They will need new trucks, and the increased demand, it is argued, will help to pay for them.

In response to these trends, Ford recently announced that it was bringing back workers at its plant in Louisville, Kentucky, and planning to increase medium and heavy truck output by 35 per cent in February. Orders since May have increased by 45 per cent over the same period last year, it says, and it is now beginning to see some evidence of increased retail demand.

The Ford announcement coincided with similar plans from the U.S. subsidiary of Volvo, the Swedish manufacturer, to step up output at its factory in Greensboro, North Carolina. Although the unit numbers are small — Volvo currently has only about 8 per cent of the heavier sector of vehicles over 33,000 lbs gross vehicle weight —its decision underlines the challenge the domestic manufacturers are now facing from the big three Europeans — Mercedes-Benz, Volvo and the Italian-led Iveco group.

Terry Dodsworth

Japan: emphasis on heavy trucks

IT IS A SINGULAR fact that the four Japanese motor companies posting the most disappointing sales performances in the first eight months of this year are all committed in varying degrees, to the medium and heavy commercial vehicle business.

Yet inordinate concern does not yet appear to be written large on the faces of any of the four, Hino, Nissan Diesel, Isuzu and Mitsubishi Motors, who together account for all but a few percentage points of Japan's total heavy duty truck production.

All four have powerful parents or affiliates: Hino is closely tied, both through minority ownership and through other commercial connections, with Toyota, while Nissan Diesel's parent is obvious: General Motors has a 34.2 per cent stake in Isuzu, while Chrysler controls about 15 per cent of Mitsubishi.

Though both Hino and Nissan are in the output of heavy duty vehicles, the other two produce a more catholic mix of commercial and passenger models.

For all the advances that the Japanese car industry has made into the lighter commercial vehicle market, its penetration of the big truck end has been less marked. In part, this reflects the fact that Japan itself, a country of few motorways and many small winding roads, was hardly the best proving ground for a new type of vehicle of limited domestic value.

Push

However, when Japan did begin to contemplate a major export push three years ago, it found itself squarely caught in the grip of the international recession (affecting the domestic as well as foreign markets). More recently, the decline in oil prices has greatly affected the ability of the oil-producing countries to purchase transport equipment in the volume that might have been expected. South American indebtedness has also been a factor.

TRUCK PRODUCTION BY CAPACITY

	2 tonnes	3-4 tonnes	5-6 tonnes	7-8 tonnes	9 tonnes+	Special-purpose vehicles
1979	2,034,306	629,286	34,851	15,776	75,638	4,979
1980	2,360,019	745,253	50,339	18,139	55,246	5,763
1981	2,347,284	794,197	52,309	17,459	51,461	5,373
1982	2,139,332	700,543	33,020	12,452	44,066	4,687
of which diesel:						
1979	312,270	254,937	34,811	15,776	75,638	4,979
1980	435,371	288,164	50,250	18,139	55,246	5,763
1981	547,547	292,857	52,281	17,459	51,461	5,373
1982	509,137	268,315	33,018	12,452	44,066	4,687

Source: Japan Automobile Manufacturers Association.

But the current word from the industry is that, about the middle of this year, the tide began to turn. According to the Japan Automobile Manufacturers Association, total truck output in the present year ought to be 1-2 per cent above last year's levels, thus reversing a three-year decline, while 1984 should see growth in the 2-3 per cent range.

Domestic demand seems set for a boost for a particular reason — the withdrawal by Japan National Railways from what little of the freight hauling business it still carried — as well as because of overall economic improvement.

However, it is the vigour of the U.S. economic recovery which appears to have boosted the Japanese heavy truck industry. All four are now in various stages of implementing or planning assaults on the U.S. market. Hino has previously set up a sales network in the American south east, including knockdown production in Florida of 500 trucks next year and 1,500 by 1986: more recently, it announced it was preparing to establish a truck and bus assembly operation in New York State.

Isuzu plans to supply General Motor's dealer network with as many as 2,000 five- to seven-ton trucks next year—featuring a new cab-over-engine configuration—rising to 5,000 annually after three years. Both Mitsubishi Motors and Nissan Diesel have applied to the U.S. Government for type certification of various models (the absence of which has been a handicap to Japanese foreign sales in several overseas markets).

It is, of course, worth remembering that whereas Japanese car exports are subject to assorted forms of restraint, the heavy truck industry remains free. Thus a European recovery of even modest dimensions is likely to spur renewed Japanese interest, particularly on the part of Hino.

Slipped

Last year, Hino retained its lead as the largest exporter of heavy-duty commercial vehicles. According to JAMA, the manufacturers' association, it sold 22,440 trucks overseas, compared with 18,400 for Isuzu, 15,870 for Nissan Diesel and 14,700 for Mitsubishi. But it has slipped behind its rivals this year.

Domestically, competition remains both intense and tight. Over the first eight months Hino's new vehicle registrations were running slightly ahead of Mitsubishi's, which in 1982 held a fractional lead, with Isuzu a close third and Nissan Diesel fourth.

Jurek Martin

W. Germany: drastic swings in demand upset production

MAN's commercial vehicle operations are a key part of the group's wide-ranging engineering and manufacturing activities. They contributed about 45 per cent of parent company sales revenue in the financial year to June 30. They also accounted for about half of the operating loss of DM 300m.

The troubles at MAN show the overwhelming scale of the problems that have hit commercial vehicle makers during the past two to three years. The drastic swings in demand on domestic and export markets have taxed managerial skills and increased pressure to streamline production.

Production of trucks of all classes in West Germany reached a peak of 314,983 in 1980, which was also a good year for domestic new registrations and exports. But output has since sagged as home sales and then exports collapsed. Truck production fell 13.5 per cent to 272,474 in 1981 and by a further 5.6 per cent to 257,333 last year.

Grip

With recession taking a grip of the home market, especially in the building trade, new registrations of trucks dropped from 143,741 in 1980 to 118,973 in 1981 and then to 96,951 last year. In the space of two years, the number of trucks sold in West Germany — by local and foreign producers — fell by nearly one-third. Sales slid to about the same level as more than 20 years ago.

While exports were still buoyant in the first half of last year, the financial problems of developing countries and oil producers caused a sharp drop in export sales in the second half of the year.

Since the beginning of this year the West German market for both cars and trucks has steadily picked up. The new Centre-right Government of Chancellor Helmut Kohl introduced a series of measures aimed at boosting investment, particularly in the building industry.

This has led to an increased readiness to invest in new vehicles, particularly in view of the pent-up demand of the last couple of years.

New registrations of trucks recovered by 16.3 per cent in the first nine months of this year, compared with the same period last year, to reach a total of 65,764. The increase has been even sharper lately, in comparison with the drastically low level of a year ago.

In September, 10,227 new trucks — home-produced and imported—were registered in West Germany, up 23.6 per cent on the 8,000 total of the same month last year.

But exports have been stagnating after the severe slump during the second half of 1982.

The revival in the home market has been unable to make up for the weakness in exports on which West German commercial vehicle manufacturers are heavily reliant. As a result, output of trucks so far this year is running below last year's level. In the first eight months of this year, output was 2.8 per cent lower at 166,543.

Market developments have had a different impact on the various classes of commercial vehicle. Vans and light trucks of up to six tonnes suffered a sharp production setback in 1981, incurred a much less severe decline last year and have since been recovering, with a 9.1 per cent increase to 97,229 in the first eight months of this year.

On the other hand, medium-weight trucks have suffered a persistent production decline. Heavy trucks, of 16 tonnes and over, sold well in 1981, with production up 9.9 per cent to 63,501. But as exports sagged, output of the heavy vehicles fell 4.5 per cent last year to 60,663 and is running at a much lower rate this year.

In the first eight months of this year, West German factories produced only 32,563 vehicles in this class, down 24.8 per cent on the same period a year ago.

In view of the market pressures, MAN has embarked on rationalisation measures and has been steadily cutting its workforce. The group employed about 21,500 workers on truck assembly in 1980, now has about 17,700 and plans to reduce the number to 16,000 by the middle of next year. This represents a pruning of about 25 per cent since 1980.

The factory at Salzgitter in future will concentrate on assembly of buses, special vehicles, medium-weight trucks and MAN-Volkswagen joint-venture trucks. More than 1,000 jobs are to be phased out at Salzgitter, about 400 at Munich and the rest at Brunswick and Penzberg.

But MAN's trucks division has voiced optimism lately as the uplift in the home market, good sales in some export markets and rationalisation have produced a brighter picture.

Herr Wilfried Lochte, head of trucks division, predicted recently that sales revenue would recover to about DM 3.3bn in the current financial year. This would amount to an increase of nearly 20 per cent on the DM 2.8bn total of 1982-83, although it would still be below the DM 3.9bn figure of the previous financial year.

He also predicted that the heavy losses of the commercial vehicles division would be sharply reduced. MAN has indicated that the division might reach the break-even point next year, thus achieving a relatively quick turnround from a bleak position.

MAN's total output in 1982-83 was only 16,000, down a third on the previous financial year's output of 24,000. Export markets have delivered a sharp blow to the company, especially its sales to the Middle East, which almost ground to a halt in the first half of this year.

But MAN is encouraged not only by the revival of German sales but also by an increase in its market share. In the entire range from 9.6 tonnes upwards it achieved a domestic market share of 24.3 per cent in the first eight months of this year, compared with 22.8 per cent in the same period last year.

In the lighter MAN-VW class market share rose from 11.4 to 12.3 per cent, in the classes from 9.6 tonnes to 15.9 tonnes market share was up from 15.8 per cent to 19.1 per cent, and in the heavy range from 16 tonnes, MAN lifted its share from 24.6 per cent to 25.7 per cent.

MAN is continuing to work short time, but less than previously. It plans four days of short-time working in November and another four in December.

Volkswagen, too, has reintroduced short-time among its 19,600 workers engaged in light commercial vehicles production. Like other producers, VW is reaping benefits from the recovery in domestic sales, but it faces strong competition from foreign producers, notably the Japanese, who are steadily increasing the number of models of vans and light trucks on offer in Europe.

VW says that an improvement is perceptible. Its sales in West Germany are up, and while its exports overall are lower it expects a small increase in exports in Europe.

Self-assurance

The market leader, Daimler-Benz, has been unable to escape fully the chilling effects of export market recession. But it points out, with characteristic self-assurance, that it is offering continuity of employment with no short-time working and no dismissals.

Daimler-Benz has boosted its commercial vehicle sales volume in West Germany by about 12 per cent in the first nine months of this year, but its exports have fallen about 10 per cent. The upshot is a 7 per cent decline in commercial vehicle output to 128,580.

This overall output decline is the outcome of conflicting trends — a 2 per cent increase in small transporters (to 47,270), a 14 per cent fall in trucks over 6 tonnes (to 66,860), a 14 per cent increase in bus production (to 6,230) and a 9 per cent drop in Unimog and other commercial vehicle production (to 8,220).

Its performance on the home market has outstripped the market average, with the result that it has strengthened its dominant position. While it has suffered from the cut in orders from oil-producing countries, it has been able to spread its sales net more widely to make up for some of the setback. It is reasonably satisfied with sales in the UK and France, but less so with sales to Italy.

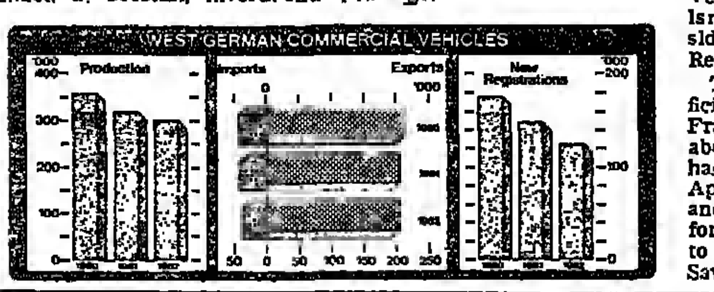
In its truck factories abroad, Daimler-Benz has cut production by 19 per cent in the first nine months of this year compared with the same period last year. It attributes the problem basically to the poor economic situation in Brazil.

In the U.S. its Freightliner subsidiary has improved its sales and gained in market share. While Brazilian sales have fallen, it sees some stabilisation in Argentina. In both South American countries Daimler-Benz claims to have held on to its market share.

Iveco Magirus, which has received financial life-support injections from the Fiat concern, has been struggling through another difficult year, although it has been hopeful of reducing its DM 189m loss of last year. Its order book at the end of August was 40 per cent below the level a year earlier.

Production, which fell 1.7 per cent to 17,915 commercial vehicles last year, is expected to show a 30 per cent decline this year, with the number of employees down from 8,170 to 6,840.

John Davies



France: slender growth at home

THE FRENCH commercial vehicles market is doing exactly the opposite of what all the other major European markets are doing. For the main market — vehicles of 5 tonnes and over — France has advanced during the first eight months of this year by 1.3 per cent with sales of 28,000 vehicles. In most other countries this market has continued to decline.

But it would be misleading to think that the slender growth in the home market represented an improvement in France. Far from it. The French market has continued to be sustained in terms of sales by a fierce price war between the six main manufacturer of commercial vehicles active here.

"It's collective suicide," said a senior official of Renault Vehicules Industriels (RVI), the large commercial vehicles subsidiary of the state-owned Régie Renault group

The price war, which is artificially propping up sales in France, has been going on for about three years. But lately it has been gaining in intensity. Apart from the size and importance of the market, the reason for this war can be traced back to the merger of Berliet and Saviem, the two main French truck-makers, into RVI five years ago.

These two companies had long fought tooth and nail in the domestic market. With the merger, other manufacturers sought to take advantage of potential new market gaps in France. Moreover, the French market has help the principal manufacturers to sustain output levels higher than the general world demand for trucks would warrant.

Discounts

Renault, as the dominant manufacturer, has tried to resist the price war as much as possible. Indeed, its home market share declined from 40 per cent to 36.3 per cent during the first eight months of this year. But inevitably Renault has been forced to fight back and match what one company official termed "crazy discounts" by some makers.

Renault's main competition in France has come from Mercedes, which in the first eight months had a market share of 20 per cent. Iveco had 19 per cent of the domestic market, Volvo 10 per cent, DAF 5 per cent, and Scaola 3 per cent.

For Renault's commercial vehicles subsidiary the discounts and price war will be one of the main reasons for another year of heavy losses. The RVI subsidiary lost FFr 746m last year and is expected to report a higher deficit for 1983.

Indeed, RVI continues to be the biggest single handicap if Renault is to return to the black. But Renault has renewed this year its commitment to become a world leader in the commercial vehicles sector by increasing its stake in Mack Trucks of the U.S. from 25 per cent to 45 per cent and taking 90 per cent control of Karrier Motors in the UK and Hispavinsa in Spain, the two Dodge subsidiaries jointly owned by Renault and Peugeot.

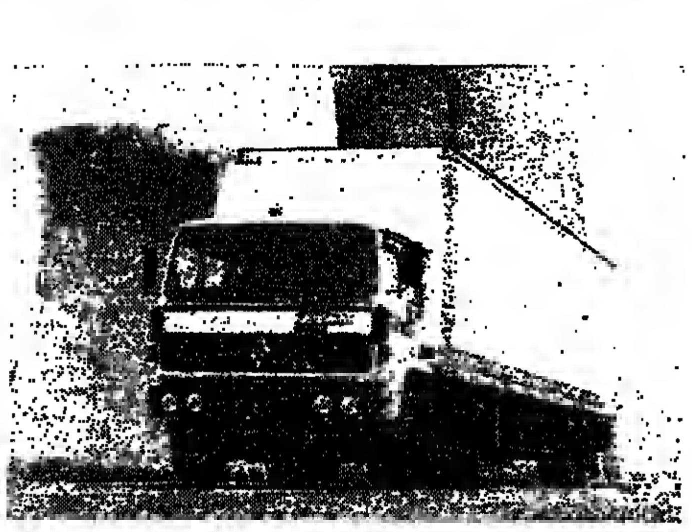
The increased investment in Mack reflects RVI's intention to maintain and develop its standing in the U.S. market at a time when other large European truck makers have expanded their activities in the U.S. by also acquiring control of U.S. truck makers. RVI's strategy towards the U.S. is exactly the same as that of the Renault car group's American strategy.

As with Renault's 44.6 per cent investment in American Motors, RVI does not want—unless it has no option—to control 50 per cent or more of Mack. At the same time, as with American Motors, RVI is seeking close integration and collaboration in the components sector with its U.S. affiliate.

An example of this collaboration is the decision of RVI to build a U.S. model of its new FR1 coach. This advanced coach is a new venture for RVI, which has decided to strengthen its so far weak position in the coach and supercoach business. The FR1 is to launched officially on November 7.

RVI aims to increase its current 25 per cent share of the French coach market to about 50-55 per cent. It is also trying to win between 2 and 3 per cent of the European market of about 16,000 coaches a year.

While RVI has lagged in coach production it remains the dominant French maker of buses and urban transport vehicles, with well over 70 per cent of the market. While the overall French coach and bus market declined by 6.7 per cent in the first eight months of this year, RVI's share of the bus and coach market has increased by 7.6 per cent to 63.6 per cent.



Pilot production of Renault Vehicules Industriels 38-tonne G260 truck begins at Dunstable in the UK shortly. RVI expects to produce about 250 a year for sale in Britain where it now controls Karrier Motors, the former Dodge company

Like other truck makers, RVI is meeting continuing difficulties in export markets. Indeed, commercial vehicle exports were down 15 per cent during the first eight months compared with the same period of 1982. RVI has suffered from the slowdown in large construction projects in the Middle East and other countries which had helped it to sustain export sales at a time when the European markets went into a depening slump.

As for the U.S., where the situation was also bleak, RVI says Mack is now seeing the start of a strong upturn. For RVI, exports accounted for about 40 per cent of the company's total sales of FFr 13.2bn last year.

Paul Betts

Spain: reason for optimism despite losses

ENASA of Spain will lose Pta 2.4bn (about $16m) this year against a 1983 forecast of Pta 1.8bn. Domestic sales in the past year have slumped by 8 per cent, imported vehicles are making their mark and the export market is far from buoyant but the manufacturers of Pegaso trucks and buses believe that the worst is behind them.

There is reason for the optimism in Enasa, which has the greatest share of the Spanish heavy truck and bus sector and is wholly owned by the state's Instituto Nacional de Industria (INI). The trauma of the International Harvester pull-out is a receding memory. The balance sheet has weathered both the divorce and the staggering cost of scaling down the labour force and, to underline a new positive attitude Enasa is now actively looking for Euro partners with whom to research and develop into the 1990s.

The steadily mounting losses from the mid-1970s onwards to reach a Pta 11.5bn shortfall in 1981 and were brought to Pta 8.9bn in 1982, a year in which Pta sales rose by 42 per cent. Last year was also the year of the International Harvester pull-out. INI took back the 35 per cent Enasa stake it had sold to the U.S. truck maker in 1980. IH agreed three years ago to provide technology, assume management control and invest on a 35/65 basis with a view to eventual control while INI undertook to cover losses through to 1983.

The IH withdrawal was, with hindsight, a backhanded blessing for Enasa. Within two months of the pullout the Spanish company secured a major, breakthrough contract to supply military trucks, armoured personnel carriers and buses to Egypt. But for the IH merger collapse the military component of Enasa would have been hived off to the Defence Ministry instead of providing, as it currently does, a vital cash-flow injection.

Further contracts with Egypt through 1983 have now brought the total order up to a net worth of $600m. Of the 10,250 trucks ordered, 5,800 had been delivered by the summer of this year at the rate of two cargoes a week with 100 vehicles per ship. Virtually all the 1,200 buses have been delivered and production is under way at Enasa's Valladolid plant to provide 600 APCs that were also on Egypt's shopping list.

Booster

The contract was a badly-needed confidence booster which offset not just the IH drama but an ill-fated Enasa attempt to establish a subsidiary in Venezuela, Ivenco, which would have provided motors for a since-abandoned Andean Pact commercial vehicle joint venture. The Spanish parent company is still seeking indemnity for the Venezuelan plant and is studying, despite the experience, the possibility of establishing subsidiaries in Colombia and Peru.

Now on its own, Enasa views the future partnerships with a decidedly practical approach. The guiding philosophy of the company is to have affairs revolving around specific product arrangements rather than to attempt once more commitment to a more lasting international relationship. The Pegaso group has already some experience of this since for the past two years it has been working on a gearbox development jointly with ZF.

A more lucrative affair concerns the development of a new cab and this is the current enticement that Enasa is offering in its talks with potential Euro partners. The company hopes to earmark $40m for the joint development of a completely redesigned cab which would go into production by 1986. The present cabin is deemed to narrow to accommodate the accessory frills that have become a major selling point in the sector.

A future partner would be one faced with a similar need to revamp its cab and of a similar size to Enasa. DAF has already been mooted as a candidate meeting the requirements but there has been no decision so far. Another pending decision concerns the purchase by Enasa of the UK truck builder Seddon Atkinson, likewise an IH casualty. INI is due to rule on the purchase proposal before the end of the year.

Necessary

Euro partners are particularly necessary as the Spanish commercial goods sector is beginning to feel the impact of competitive importers and is increasingly aware of the need to export. As part of Spain's warm-up for entry to the European Community, import licences have been systematically increased and tariffs lowered. Spanish producers, long used to protective practices, now virtually accuse foreign competition of almost dumping their vehicles and, certainly, of selling their wares at "scandalous prices" as one Spanish company executive put it.

Enasa, for its part, has boosted its domestic road assistance network and has branched out into providing a similar cover in Europe to aid its export drive. By the end of this year there will be 33 new Pegaso service points along the major TIR routes, specifically on the highway north to Brussels and on the branches ecross to Austria and Italy.

At present more than half of the Pegaso line is exported but Enasa recognises this as inflated by the Egyptian deal and is aiming for a consolidated 40 per cent share in the future.

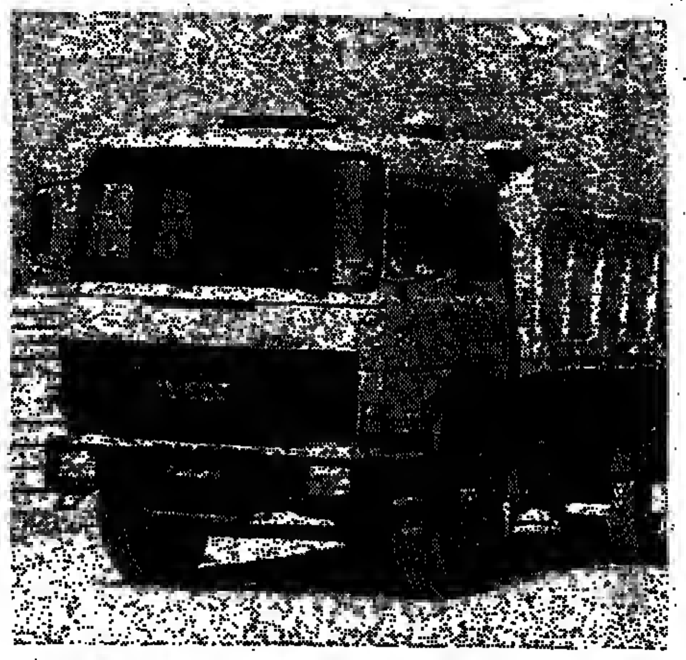
In the meantime, Enasa has drawn up e Pts 25bn five-year strategic plan which earmarks Pta 9.5bn for new products. Much of this budget will be devoted to the production of a new bus for city use and the company has its hopes set on securing a contract for 900 units from the city of Barcelona which is due to stage the 1992 Olympic Games. Also chasing the Bercelona renovation order, and underlining the competitive threat from abroad, are Scania, Volvo, Iveco and Mercedes.

The past financial troubles of Enasa are however markedly present in the five-year plan. Labouring still from the effects of the slump a full Pta 6.6bn has been set eside in the investment plan to improve the company's financial structure.

Tom Burns

VEHICLES REGISTERED IN SPAIN

	Jan/Aug 1982	Per cent total	Jan/Aug 1983	Per cent total	Variation
TRUCKS					
Pegaso	2,678	42.4	2,533	42.8	— 5.4
Renault	2,107	33.4	1,839	31.1	—12.7
Ebro	815	12.9	744	12.6	— 8.7
Total Domestic Manufacture	5,600	88.6	5,116	86.4	— 8.7
Import	717	11.4	804	13.6	2.1
Total	6,317		5,920		— 6.3
BUSES					
Pegaso	767	75.8	1,125	79.1	46.7
Renault	34	3.4	56	3.9	64.7
Ebro	9	0.9			
Total Domestic Manufacture	810	80.0	1,181	83.0	45.8
Import	202	20.0	242	17.0	19.8
Total	1,012		1,423		40.6



Iveco's 33-tonne heavy construction site truck. The company offers no fewer than 600 basic models

Italy: recession brings sharp downturn

THE STRENGTH of Italy's commercial vehicles industry owes a great deal to one thing: its big share of the home market. But now that recession has finally caught up with Italy the home market has turned down sharply and reports from Iveco, the company which groups Fiat's European commercial vehicle operations, are on the whole gloomy.

Iveco is the product of a three-nation merger which took place in 1975. It includes Fiat's own industrial vehicles operation, and those of OM and Lancia in Italy, and it also embraces Unic of France, and Magirus of West Germany.

Its early years were difficult, partly because of the somewhat unwieldy nature of the Amsterdam-registered concern. There was a long-running wrangle with the German concern Kloeckner - Humbolt - Deutz (KHD) which held 20 per cent of Iveco, acquired when Magirus merged into Iveco but wanted to get out. Fiat eventually bought out KHD and owns 100 per cent of Iveco.

After the 1979 oil price rise, Iveco was helped by a surge of orders from developing countries and in 1981 produced its best results ever. The whole of Fiat's industrial vehicle division, which also includes its operations in South America, made operating profits of L518bn on sales of L5,330bn.

Crunch

But the crunch came in 1982. Demand for industrial vehicles fell by 10 per cent in Europe and 25 per cent outside it. In Italy alone, where Iveco had 53 per cent of the market, demand fell by 25 per cent. Demand in France and West Germany, where Iveco has 11 and 12.5 per cent respectively, also went down. In Germany, market share fell by no less than 18 per cent. Iveco's traditional markets in Algeria, Nigeria and Libya also went sour as the Opec receipts dried up.

As a result Iveco sold about 10 per cent fewer vehicles in 1982, down from 113,121 to 102,096 but as this was less than the overall fall in the market Iveco slightly increased its share of several markets—for example, its share of the Italian medium-heavy vehicle market rose from 76 to 79 per cent.

Nevertheless, Fiat as a whole saw the sales of its industrial vehicle division (which is in effect Iveco plus Fiat's South American operations) fall in 1982 to L4,973bn from L5,330bn in 1981 and its operating profit dropped sharply from L518bn to L303bn. Iveco itself managed a profit of Fl 16.4m.

If anything, things have gone less well in 1983. The Italian market was down another 16 per cent in the first six months, Belgium down 12 per cent and Switzerland down 22 per cent. However, in the first eight months the German market rose 18 per cent and that of the UK by 6 per cent. Iveco's sales were down 8.1 per cent over the six-month period, a figure made up of a 5.6 per cent fall in Europe and an 11.7 per cent fall in the rest of the world.

Market share

Iveco has been increasing its market share at the expense of other manufacturers. In Italy, for example, its market share for first eight months was 60 per cent, compared with the figure for the whole of 1982 of 58 per cent. In France, an eight-month figure of 15 per cent was scored, against 11 per cent in 1982. In the UK Iveco took 4 per cent of the market during the period instead of 3 per cent. But in West Germany market share fell back fractionally.

Iveco attributes its relative success to two factors. One is that its complex of plants and marques mean that it can offer customers a very wide range of vehicles: it has no fewer than 600 basic models in as many as 2,000 versions, including anything from vans for urban delivery to municipal service vehicles and fire engines. In between, it offers many different sizes of industrial vehicle. When, as has been happening lately, road hauliers have switched to smaller vehicles when purchasing new ones, rather than buying costly big ones, Iveco still has something to offer them.

The second reason is that Iveco has been making a heavy investment in after-sales service and its whole dealer network, in order to compete better with other heavy vehicle makers. During last year Iveco's marketing operations were radically restructured in Spain, Switzerland, Ireland, Sweden, Denmark, Austria and Holland, and in several of these countries new direct sales branches were set up.

Iveco admists that discounting on prices is rife in almost all sectors of the commercial vehicle market, but claims that it tries as much as it can to keep out of it. "We want to be economic," says a company spokesman.

What is clear is that despite the disappointing performance of the industrial vehicles division (and Fiat has also to grapple with disastrous drops in sales from its plants in this sector in Brazil and Argentina) and the uncertain short-term prospects for heavy vehicles, Fiat is determined to stay in the sector. Fortunately its disappointing performance is being offset by the fact that Fiat Auto, the company's car subsidiary, should make a profit this year for the first time since it was established in 1979.

Another reason why Iveco is essential to the Fiat group is that it is Fiat's main producer of diesel engines. Diesels were put into a separate division last year, when Iveco made 280,000 of them, though it has the capacity to make many more. Its output ranges from 2.5 litre machines to very big diesels for locomotives.

Only about 40 per cent of Iveco's diesels are fitted to Iveco vans and lorries — another 40 per cent goes to the rest of the group, such as Fiat tractors and Fiatallis, the badly ailing earthmoving equipment subsidiary — and the remaining 20 per cent go to other vehicle makers, such as Renault, Ford, Alfa Romeo and Seat.

Concentrating

While Iveco concentrates on the larger commercial vehicle, Fiat Auto makes smaller vans and other machines. In this sector Fiat is doing particularly well with its recently-launched Ducato range of vans, which has enabled it almost to double its share of the market in Italy for vans of about 1.3 tonnes — from 26.7 per cent to 50.1 per cent between 1981 and 1982.

This growth has mainly been achieved at the expense of the Ford Transit and Bedford vans. The Ducato is produced in a plant jointly owned with Peugeot of France, which markets the vans in France under the Peugeot and Citroen marques. The company attributes the Ducato's success (it sold 26,680 in Italy last year) to the quality of its finish, which reflects the advanced nature of the plant where it is made.

The little Fiorino van has a dominance of its sector of the Italian market (Fiats has 80 per cent of the market for 500 cwt vans). But Fiat's position in the 1.3 tonne to 1.8 tonne class is less imposing, and its share dropped 10 per cent in 1982.

The only other Italian commercial vehicle manufacturer is Arveco, a subsidiary of the state-owned Alfa Romeo group. It made only about 1,000 vehicles of the LR-8 and F-12 types in 1982, down from the none too imposing 1,300 produced in 1981. Revenue was L83bn, down from L89bn the previous year, though a tiny profit was recorded.

James Buxton

Makers divided on value of joint projects

COMMERCIAL VEHICLES are extremely expensive to develop from scratch. To bring a new engine or transmission into production is likely to cost et least £100m.

So if car makers increasingly bave collaborated on such components in pursuit of economies of scale, it would seem to make even more sense for truck manufacturers to do so, because production volumes ere far lower.

Despite the extra impetus towards such action that might be expected from the worldwide recession in truck sales, truck makers bave not, bowever, been falling over each other in a scramble to set up joint ventures. The reason is that views on their desirability still conflict.

Iveco, Fiat's commercial vehicles division, is a strong proponent. Iveco itself was set up in 1974 as a joint venture with West Germeny's Kloeckner-Humboldt-Deutz, bringing together the truck brand names of Magirus, Unic, OM, Lancie and Fiat.

KHD has since pulled out, leaving Fiat as sole owner. But its eothusiasm for collaboration is undiminished, as is its conviction that the European truck industry inevitably will move away from a vertical structure towards one wbere manufacturers will increasingly assemble at least higher-technology components from specialist makers able to cover their investment costs through high-volume sales to a network of manufacturers.

However, others such as Daimler-Benz, the world's largest truck maker, Volvo, and Scania insist on making their own key components, using the argument that only hy doing so can users' needs be fully met.

Daimler-Benz in particular, with annual output of ebout 250,000 commercials and enormous un-utilised casb reserves, can afford to do. But there remains little agreement on wbet represents the lower threshold at which in-house manufacture becomes uneconomic.

For example, Mr Ron Hancock, chairman of Leyland Vehicles of the UK, says that while Leyland is committed to a course of buying in more components and collaborative ventures, it can still make axles and engines viably for 12,000 vehicles a year. But it bas got ont of transmission manufacture because at 12,000 a year it is not viable.

Nevertheless, progress is being made on a number of ventures. The ventures include:

Iveco's collaboration with Eaton Corporation, the U.S. components group which operates worldwide. Both Eaton and Iveco needed to replace their transmission offerings in medium trucks, so they are jointly developing five- and six-speed transmissions for trucks of up to 16 tonnes. The first prototypes are due to appear next year, with full production scheduled for 1986.

The units will be made at Eaton's Basingstoke plant in the UK and at one of Eaton's U.S. plants, which will mark the first time Eaton has marketed e medium-duty transmission in the U.S. Iveco will also make the transmission at its Brescia factory near Milan.

The advantages for Iveco are savings from shared development costs, and the access it will gain to Eaton's world wide components network. Eaton will get the benefit of guaranteed volome from Iveco, which is Europe's second largest truck maker behind Daimler Benz. And that will belp Eaton keep down the transmission's price to other truck manufacturers.

The venture with Eaton is Iveco's second of this type. In June 1981 it signed an agreement with Rockwell of the U.S. under which a joint company, Rockwell VCC-Omevi, will make truck axles. Iveco's Cameri, Italy, plant has been acquired to prodnce the axles, which will be sold to other truck makers. Production starts next year. They are of the single-reduction type, widely used in the U.S. but rare in Europe—where most makers use the hub, or double-redoction type.

The benefits of another Fiat collaboration deal, with Peugeot to produce purpose-built vans, is now being felt in the market place. Peugeot is supplying the diesel engines and Fiat the bodies for the vans, being built et Sevel, Italy. Capacity is 80,000 vehicles a year, and the vans are being sold variously in Europe as the Fiat Ducata, Peugeot J5, Citroen C35 and Talbot Express.

Consolidate

Daimler-Benz is consolidating its U.S. operation, under which it acquired for $260m two years ago Consolidated Freightways' Freightliner truck-making interests. Freightliner had about 9 per cent of the U.S. over-15 tonnes truck market and, no less important, a 210-strong dealer network and a bandful of manufacturing plants in both the U.S. and Canada.

Daimler-Benz is also planning to spend £61m up to 1987 on Mercedes-Benz Espana, formerly Mervosa, in which it acquired a majority holding last year, as Spain prepares for entry into the EEC. It has also taken a 40 per cent holding in a new Swiss truck and bus-making company, which includes FBW and Saurer. It also has long-standing collaboration with MAN on diesel engines, and has its G-wagen four-wheel-drive vehicles made by Steyr-Daimler-Puch of Austria.

Renault Vehicules Industriels, the commercial vehicles arm of state-owned Renault, continues to expand its U.S. operations via its 20 per cent shareholding in Mack Trucks, a subsidiary of Signal Industries.

It has given RVI access to the U.S. market for medium trucks, built in France but badged as the Mack Midliner. Jointly-developed products are on the way.

By the end of this year, RVI will also have increased its stake in the Karrier Motors business of the UK, which makes Dodge trucks, to 90 per cent. It bought a half share from Peugeot two years ago.

RVI says it intends to become as natural a part of the UK motor industry as Ford or GM, and to that end will start assembling a 16-tonne premium RVI truck and e a 38-tonne tractor unit at Dunstable next year. It expects to build a total of 500 of the new models a year.

MAN and VW are continuing their joint production of trucks in the 6 to 9 tonnes sector, known as the MT range. VW makes the cebs, gearboxes and rear axles; MAN the engines, front axles, frames and special bodies. The deal made particular sense because the two companies have combined their sales operations in many European countries, and VW was also the only major car maker not to have its own truck business.

However, while the MT's European market share has been creeping up, unit sales have been disappointing. The trucks were launched just before the start of the recession, and to date only about 13,000 have been sold. Originally, output of 15,000 a year was envisaged. Some 4,000 are expected to be sold this year.

Shareholding

International Harvester, its plans to become a pan-European truck producer thwarted by financial problems, has disposed of its shareholding in Spanish state-owned Enasa, and is now seeking to sell off its UK subsidiary, Seddon Atkinson. A possible buyer is Enasa itself, with a decision on whether it can proceed expected from the Spanish state holding company, INI, before the end of the year.

What this entails for Seddon at the moment is unclear, but Enasa is on record as saying it will not reduce the UK company to an assembler of Enasa components.

Nissan is investing $100m in Motor Iberica of Spain, maker of Ebro trucks, up to 1986. It acquired a 55 per cent stake from Massey Ferguson last year. The main thrust, however, will be on light commercials — notably the Nissan-based Vanette light van.

General Motors is bringing Japanese manufacturer Isuzu, in which it has a 34 per cent stake, into its UK operations. Bedford will make an Isuzu-based van from next year, but with expected 80 per cent UK content, and to be sold in all European markets. A Suzuki-based van may follow.

ERF, Britain's last independent heavy truck maker, is also collaborating with the Japanese. In June it announced it would build trucks with components supplied by Hino, Japan's largest heavy truck maker, but with a UK content level of about 60 per cent. They will be in the 12-15 tonne range.

Leyland Vehicles and Cummins, the diesel engine maker, are pressing on with their project for a jointly-developed diesel engine, to be built at Leyland's Bathgate, Scotland, plant from the mid-1980s. Leyland will use the unit in its own trucks, and Cummins will market it through its own sales network.

The "Family 1" diesel for medium-weight trucks, will have its crankshafts and camshafts provided by LV, while the other main components will be supplied by Cummins.

John Griffiths

Slow progress on EEC harmonisation

WHEN BRITAIN raised its maximum weight limit for heavy articulated vehicles from 32 to 38 tonnes it pleased few people in the road transport industry in Europe. They were not upset by the sort of environmental considerations which led to opposition to the move in Britain, but because the weight levels arrived at were out of line with the direction the European Community wanted to take to secure uniform EEC goods vehicle weights and dimensions.

Harmonisation, here, seems to be as far away as ever. The European Community wants articulated vehicle weights of at least 40 tonnes (that's the official proposal) possibly 44 tonnes, perhaps even 46 tonnes in certain circumstances.

Some idea of the differences between EEC countries just on the question of articulated vehicle weights limits can be gauged from the current legal maxima — Belgium, Britain, Denmark, France, Germany, Greece and Luxembourg all 38 tonnes. But Denmark and Italy have 44 tonnes, the Netherlands 48.5 tonnes and Ireland 32.5 tonnes.

These weights all depend upon the vehicle having six axles. But the limits for artics vary from country to country according to number of axles down to four-axled artics where the following limits apply: Belgium, Denmark, France, Luxembourg and Greece all 38 tonnes. Note that for some countries the limits are the same for four-axled outfits as six-axled ones. In contrast, West Germany has 32 tonnes, Britain and Ireland 32.5 tonnes, the Netherlands 34.5 tonnes and Italy 40 tonnes for four-axled artics.

The same picture of inconsistency on weights is to be found in all other classes of goods vehicle weight legislation.

There is the same scene with axle weights, the limits for which range from 10 tonnes to 13 tonnes from country to country and dimensions where, admittedly, there is now more uniformity but still no common standards.

The objective of common weights now looks like a pipe dream because other Community countries—(such as the UK) are going their own way. For example, although the official EEC proposal is for 40 tonnes on rigid trucks hauling drawbar trailers, the Netherlands last year introduced a 50 tonnes weight limit for these big-truck and trailer outfits and Belgium is pressing for the same to bring that country into line.

New higher weights are also being sought for rigid vehicles (as opposed to articulated outfits) by the Belgians. The Dutch in a later move are also seeking axle weight concessions for fitting air suspension because, they say, vehicles fitted with this equipment cause less road damage. Such moves are—and would be—out of line with any concerted move to harmonise weights from the Community.

While waiting for Community standards, other EEC countries have retained the rules which existed when Britain joined the Community—such as Germany where the weights and dimensions are virtually the same way as they were 10 years ago.

Weights and dimensions are, however, key issues in vehicle construction so it is not surprising that failure to reach agreement here has inhibited progress towards common standards on other fronts.

Goods vehicle type approval—the official state approval of a particular type of model of motor vehicle designed for goods carrying—has been part of the commercial vehicle manufacturing scene in a number of European Community countries for many years. But the French system is different from the German and the Dutch one varies again—and so on.

Directive

It plans, however, an important part in harmonisation because when Britain joined the Community in 1972 there was a European Directive in existence which pledged member countries to adopt a motor vehicle-type approval scheme within a specified time. The UK introduced the first legislation to do this in 1973.

As a consequence truck type approval was finally introduced fully in Britain earlier this year. It, too, varied from the systems of other European countries.

One of the things the scheme has done, however, is to help forward the move to European standards in certain areas.

The scheme provides that the manufacturer of the goods vehicle involved must submit it to the Department of Transport to determine its gross train and axle weights to see that it complies with specific requirements on road safety, and meets environmental standards. These road safety and environmental standards are based on European standards and here the fruits of Community harmonisation efforts can be seen.

While the European Economic Community issues Directives on motor vehicle matters relative to the member countries, another body—given the responsibility in 1958 of creating common European vehicle standards—has an overlapping role. This is the United Nations Economic Commission for Europe (ECE).

The main difference between the two bodies is that the ECE is concerned entirely with component standardisation and the EEC with complete vehicles.

The resulting standards are providing a measure of harmonisation in certain areas and it is perhaps appropriate to list them: door latches and hinges, radio interference suppression, protective steering, exhaust emissions (diesel), exhaust emissions (petrol), lamps (headlamps and bulbs), lamps (side, rear and stop), rear reflectors, direction indicators, rear-view mirrors, anti-theft devices, seat belts and anchorages, brakes, noise and silencers, glass in windscreens and exterior windows, seats and anchorages, tyres, interior fittings and external projections, speedometers and rear fog lamps.

Most of these items have particular relevance to passenger cars but the ones of particular consequence for goods vehicles are those concerned with exhaust emissions, brakes, noise and silencers because these are subjects covered extensively by the UK goods vehicle national type approval scheme. This is because type approval covers two aspects. One is the individual approval of systems—brakes, noise emission, engine power and so on—and the other the complete vehicle.

One of the areas covered by goods vehicle type approval is that vehicles must have engines fitted with sufficient power to pull the specified weight. Power-to-weight ratios are thus important. What the power level of a vehicle is can, however, be somewhat confusing because there are so many (varying) standards.

There is an EEC Directive covering the test method to be used (EEC 80/1269) but, because its use is not mandatory, for marketing purposes manufacturers quote other standards which will show their engines in a more favourable light than their competitors'.

In Britain, the British Standard has been the normal one applied (BS AU 141a) for some years although the EEC one is now coming in. For years in Europe the German DIN rating was the norm and it still is with many European manufacturers. There is also an ISO engine rating standard which some manufacturers are using to their advantage.

Add to that the fact that the Americans have their own SAE standard too—and they often use it for engines sold in Europe—and there is a rare muddle. To make matters worse Britain's horsepower unit (HP) varies slightly from the European PS.

Harmonisation in this area would be a great relief to everybody.

Eric Gibbens

Cleaner diesels earn success

THE SLUMP in commercial vehicle markets in the past four years has camouflaged the increasing popularity of diesel engines for these products.

Once noisy, dirty and inefficient, diesel engines have been made much quieter, cleaner and more economical in recent years because of a few important technical improvements. Their attraction is further enhanced in countries such as Italy, where diesel fuel is priced at a significant discount to petrol, but diesel penetration has also been impressive in countries, such as West Germany and the UK, where there has been a long tradition of diesel engine manufacture and operation.

Study

The proportion of commercial vehicles powered by diesel engines in Britain rose from 41 per cent in 1978 to 49 per cent in 1981, according to a study hy Planning Research and Systems of London. In the U.S. it nearly doubled from 6 per cent to 11 per cent over the same period and in France it jumped from 15 per cent to 23 per cent. In West Germany, the proportion rose from 67 per cent to 83 per cent, while in Japan it advanced from 19 per cent to 24 per cent.

These figures also show that in most countries, there is still plenty of room for diesel engines to displace petrol engines. For their part, diesel engine manufacturers are confident that they can go on making improvements to the performance of their engines that will make them more competitive.

The main developments in diesel engine technology that have affected engines used in commercial vehicles have been turbocharging and inter-cooling. In the near future, new fuel injection systems should further improve the efficiency of engines for smaller commercial vehicles.

The introduction of turbocharging to diesel engines came in the 1940s, but it was not until the early 1960s that it was widely accepted in Europe for commercial vehicles, and still later in the UK.

The principle of turbocharging is to use the high velocity exhaust stream from the engine to drive a turbine. A compressor is attached to the turbine, and used to push more air into the cylinders than would occur under natural aspiration, thus improving combustion.

The engine designer has the choice of taking the combustion improvement in the form of increased power or lower fuel consumption, or a combination of both. Typically, engine manufacturers offer a range of models. Perkins Engines of Britain, for example, offers models of its T6 5.8 litre engine ranging from 108 hhp naturally aspirated up to 145 bhp with a simple turbocharge.

By improving combustion, turbocharging also reduces chemical and noise emissions from the engine. Cummins Engine Company of the U.S. claims a reduction of three decibels of noise in the typical heavy engine when it is turbocharged.

Even greater improvements in efficiency are possible with refinements to turbocharging. The most significant to date is inter-cooling. This involves cooling the hot air entering the turbocharger so that it can be further compressed before being injected into the cylinder.

A Cummins 14 litre engine that bas inter-cooling develops up to 400 bhp compared with 240 bhp in the naturally aspirated version. Perkins' 5.8 litre T6 develops up to 159 bhp in inter-cooled versions.

Another refinement, hut one which is less widespread, is tandem or series turbocharging. As its name implies, this is a method of increasing the density of the air by compressing it in two stages.

There has been considerable talk and development in the past couple of years on turbo-compounding, but no evidence yet of a commercial product. The idea is to use the turbocharger not only to compress the input air, but also to provide a mechanical power boost to the engine. In other words, it implies adding turbine power to the diesel power.

Shape

Despite all these refinements, manufacturers are still trying to improve the combustion process. Some, including Deutz of West Germany and Perkins of Britain, have changed the shape of the piston head—to a re-entrant bowl form—to help the fuel and air mixture spread throughout the cylinder as evenly and quickly as possible.

All larger diesel engines for commercial vehicles have systems for injecting fuel directly into the cylinder. Direct injection is satisfactory in these models because the revolution speed is not too high, and so the fuel and air have time to mix and produce good combustion.

In smaller, higher speed engines, direct injection systems have not been able to produce good combustion, and so unacceptable levels of emissions emerge. Thus, manufacturers have had to resort to indirect injection systems for car and light truck diesels. These use a chamber in the cylinder head to mix the fuel and air before injecting them into the cylinder, and are not as fuel efficient as direct injection systems.

Manufacturers of smaller engines have been working hard on developing direct injection systems, but the problems are considerable. One ambitious project, by BMW of West Germany and Steyr-Daimler-Puch of Austria, was abandoned last year.

Perkins is developing a direct injection system to go in the 2 litre O series engine it is developing with Austin Rover for the Freight Rover. Perkins is confident that it will be the first to succeed in this area—the engine launch is scheduled for next summer—and that the direct injection system will provide a 20 per cent reduction in fuel consumption compared with an indirect system.

Ford and Fiat are working independently on similar projects with 2.4 litre engines, and are looking for a 10 to 15 per cent reduction in fuel consumption.

The next area of development could be the electronic control of fuel injection. Most manufacturers expect to see systems begin to appear on engines within the next year or two.

Ian Rodger

Home market share rising

MR RON HANCOCK, chairman of Leyland Vehicles, BL's truck and bus business, believes in emphasising the positive.

While much of the news from Leyland has been gloomy, he prefers to point out that the company's share of the UK truck market has improved this year — the first time in 10 years that it has stopped falling.

By the end of August, Leyland had 14.6 per cent of the market for trucks over 3.5 tonnes gross weight compared with 12.7 per cent at the same time last year.

It has taken some time for the benefits of Leyland's new T45 truck range using the C40 cab—first seen with the top-weight Roadtrain in 1980—to show up in the market place in this way.

Leyland spent £200m to replace completely its truck ranges both for Europe and markets elsewhere. But, by starting at the low-volume end with Roadtrain, there has been little chance until this year to reverse the apparently inevitable decline in market share. Leyland had 30 per cent 10 years ago.

And, according to Mr Hancock, the best is yet to come. The key product in Leyland's recovery programme is code-named MT211 which, he says, "is as important to Leyland as the Metro was to Austin Rover."

MT211 is a replacement for the 13-year-old Terrier which operates in the 7-11 tonnes segment of the truck market in volume terms—the biggest segment in the market with 30 per cent of total truck sales in Britain.

Asset

The old Terrier takes a 13 per cent share of the segment and Leyland would be disappointed if MT211 did not do twice as well—at the very least.

MT211 comes on stream at the Leyland, Lancs, plant next spring so it will not have a profound impact on Leyland's domestic market share until 1985. The main competition is the British-built Ford Cargo in the 7 to 11 tonnes weight range.

So it will take time for Leyland to recover. Mr Hancock maintains that recovery is worth waiting for because Leyland could be, once more, a major asset for Britain.

The management, he asserts, is working steadily towards bringing Leyland back to profitability by the end of the current five-year plan (1983-88) and probably by 1987.

Leyland's trading loss last year was £59m, a reduction from £73m for 1981. The signs are that the position will improve again in 1983.

The recovery plan, instituted in early 1982, has helped Leyland survive the severe recession in trucks and bus sales worldwide.

That plan involved a 27 per cent—or 4,100—cut in jobs on top of the already-severe reductions of 7,000 in 1979-80 and 3,000 in 1981.

It also involved the closure of the Guy truck plant at Wolverhampton; concentration of axle output at Albion in Scotland, while the export trucks were to be produced at Bathgate, also in Scotland.

Mr Hancock ticks off on his fingers the dramatic changes at Leyland in the past 18 months: manufacturing space cut by 44 per cent (and some surplus property sold off); manpower down by 30 per cent and stocks by 22 per cent.

The workforce—28,000 when Sir Michael Edwardes moved in at BL in 1978—is now down to 15,700, and will be 15,000 by the end of this year, following further job losses at Bathgate and the Bristol bus facilities, reductions announced earlier this year.

The severe pruning was necessary, as the fall in Leyland's output during the same period illustrates dramatically. It was 31,000 vehicles in 1977. By 1981 output had plummeted to 16,800 only to fall further to 14,200 last year.

In the first half of 1983 Leyland's production was only 6,350, down from 8,014 in the same period of last year.

A great deal of the reduction was simply that Leyland's output fell in line with the severe drop in total truck demand both at home and overseas.

Mr Hancock admits that Leyland's return to profitability will depend on world demand picking up considerably.

In the past, Leyland in an average year would export half its annual output. This year exports will represent only 25 per cent of production.

In unit terms, exports which averaged 10,000 trucks a year not so long ago, dropped in 1982 to 6,000 and in 1983 Leyland will be lucky to reach 3,000.

The world recession has left Leyland's own subsidiaries around the world short of foreign currency to pay for imports of either kits or built-up vehicles. Nigeria, the best market, took 1,300 trucks in 1982, but the total will be only 100 this year.

And it is not just the developing countries which are affected. Leyland will send South Africa under 700 trucks this year against 800 to 900 in more normal times.

Leyland has actually given up truck exports to Australia for good because it cannot sell them at a profit there. (Coach sales continue, however.)

There are bright spots amid the general gloom. Ashok Leyland, Leyland's 50.6 per cent-owned subsidiary in India this year will increase output to 16,000 and thus produce more vehicles than its parent in Britain.

Leyland

Leyland benefits from dividend payments, and an occasional order from Ashok for vehicles which the Indian company cannot make itself, or, more likely, supply as quickly as the customer would like.

In France, the only Continental market with a reasonable import percentage in truck sales, and thus the one on which Leyland is concentrating, sales of the Roadtrain heavyweight truck (the UK group's only model in the French market and sold with a Rolls-Royce engine) will rise from 170 last year to 250 in 1983.

Buses also offer considerable export potential. Leyland's double-deckers continue to win large orders and it has developed a single-decker suitable for export in kit form. Previously its single-deckers, built specifically to National Bus Company requirements, were not suitable for export in kits—the method most commonly used by other companies.

And Mr Hancock has high hopes for the Railbus, a passenger coach based on a coach body. British Rail has ordered 160 and railways all over the world are showing interest.

If Leyland is to become profitable again the UK market must also return to more normal levels—60,000 trucks a year compared with the 49,000 Leyland forecasts for 1983 or the 54,000 predicted for 1984.

Leyland will also rely heavily on joint ventures and more bought-in components in future. Says Mr Hancock: "With a volume of 12,000 vehicles a year we can build axles at prices competitive with any in the world. We can be internationally competitive with engine sales of 12,000 this year. But it is debatable if a company with a 12,000-a-year volume can be competitive with its own gearboxes—that is why we got out of that business."

Leyland has a deal with Cummins of the U.S. to manufacture a new range of diesel engines developed by the American group.

Leyland is to use the engines in its medium-weight trucks from the mid-1980s and will supply them to Cummins' European customers which make lift trucks, agricultural equipment and other industrial products.

To increase further the economies of scale, Cummins and Leyland will swap key components for the new small engines, called Family 1. Leyland is spending £30m to re-equip part of Bathgate which will make and sell crankshafts and camshafts to Cummins for the Family 1. Cummins will make and sell engine blocks and heads for the Bathgate-produced engines from its new plant at Rocky Mount in North Carolina.

Leyland will replace its entire small diesel engine range with four and six-cylinder versions of the Family 1. The engines, ranging in power output from 75 to 160 bhp, will be at the heart of Leyland's volume-selling medium trucks which account for about 60 per cent of its output.

The two companies estimate that by 1990 Bathgate might be supplying about 40,000 of the Family 1 a year with just under half of them for Cummins' customers.

Mr Hancock reports that Leyland recently ordered £10m of production equipment for the Family 1 project and cleared the space at Bathgate to install it early next year.

This year Leyland's total capital expenditure will be about £30m and on top of that it is maintaining engineering and development investment at more than 6 per cent of turnover.

There has been a major drive to improve quality at the truck plants and Mr Hancock claims that this has reduced faults in the vehicles by two-thirds. Leyland aims to cut faults again by half via its quality audit system which involves several trucks being pulled from the track each day and then examined by an independent team (including the managing director on one day a week). "Then we will match anyone in the business for quality."

Mr Hancock also insists that spare parts availability — which had begun to decline — is back up to scratch and that there is 95 per cent availability of parts for "vehicles off road" and a maximum 24-hour delay in delivery.

Multipart, Leyland's all-makes truck spares operation, has been extremely successful and profitable and this year will bring in more revenue than the "captive" Leyland parts business. The Multipart business is being expanded both inside and outside the UK.

Kenneth Gooding

Taking time to reach objectives

ASK M Pierre Semeran, president of Renault Vehicules Industriels (RVI), the truck subsidiary of the state-owned French group, when it might achieve the objectives it has set itself and he smiles broadly shrugs his shoulders and says: "In five to 50 years."

The joke has its serious side. For who knows just what the French Government might require from RVI in the future.

The group was formed in 1975 when Renault's existing commercial vehicle offshoot, Saviem, was merged with Berliet, up to that time owned by Citroen. Citroen had run into money troubles so the "French" solution was to offload the car business onto Peugeot and the trucks onto Renault.

Rationalisation of the Saviem and Berliet ranges and facilities has been taken slowly and steadily and now both the old names have been dropped in favour of the Renault badge on all trucks. The workforce has been reduced from 35,000 to under 28,000.

In 1981 RVI was part of yet another "French" solution—this time to the problems Peugeot was having with the commercial vehicle activities under the Dodge banner it acquired when it bought the European assets of the Chrysler Corporation.

RVI, it was decided, would take a half-share and management control of the Dodge business, based in the UK and Spain.

The deal will be taken further by the end of this year because RVI has agreed to increase its shareholding in the UK company—now renamed Karrier Motors—to 90 per cent. No doubt a similar move will be made in respect of the Spanish company.

An unexpected element in 1983 was the decision by Signal, the Californian industrial group, to sell off the rest of Mack Trucks in the States.

RVI already owned 20 per cent, bought in 1979 for $150m, to give it a bridgehead in the American market and to cement a deal whereby Mack sells French-built, medium-weight RVI diesel trucks as "Mack Midliners" in the U.S. (2,711 were registered last year).

Advantages

The Renault group's policy is to leave its U.S. operations as American-owned businesses. This has a number of advantages, particularly when they are bidding for U.S. Government contracts. There is also a great number of customers who "Buy American."

M Bernard Hanon, president of Renault, admits the timing of the Mack deal was not particularly to his liking. However, what he describes as a "clever deal" was worked out which will limit Renault's initial financial obligations. The French group will pay $100m in equal instalments in 1983-84-85 for a further 25 per cent of Mack, taking its stake to 45 per cent. It also gets effective management control of Mack. The rest of the Mack shares are to be sold to the U.S. public.

Although Mack suffered a $32.3m loss in 1982, M Hanon insists the company "has shown it can contain losses even though the U.S. truck market has collapsed. Mack has now a very low break-even point and even a modest recovery, say to a market of 110,000 to 120,000 (compared with 73,000 last year) would put it back in the black. "By 1985 Mack should be a profitable operation."

Mack was an essential element in RVI's strategy for the future. Since 1979 Mack engineers have been working with RVI in France and more recently those in the UK and Spain, on components suitable for RVI trucks for sale on both sides of the Atlantic in the late 1980s.

Add Mack's normal annual output of 20,000 to RVI's 40,000 heavy trucks and there are economies of scale to match those available to any other group in the world.

RENAULT Véhicules Industriels

M Semeren reckons that this year RVI will suffer a 10 per cent drop in truck output to around 38,000. The UK and Spanish offshoots will also show slight declines—to around 3,500 in Spain and just under 5,000 in Britain. Mack Trucks production is likely to fall 10 per cent to 15,000.

The upshot, says M Semeren, is that RVI's losses in 1983 will be higher than last year's FFr 746m.

RVI's prime objective, he insists, is to make a "comeback" in France where in the over-five tonnes gross weight sector the company has been losing ground to the importers. In 1981 RVI had 43 per cent of its home market; last year it slipped to 40.2 per cent and recently has been as low as 38 per cent.

At the same time, the group must consolidate its position in the U.S., the UK and Spain and reinforce its position in the rest of Europe. "And there is still a big effort to be made on product."

In both Spain and Britain RVI will enlarge the Dodge ranges by introducing its own heavyweights.

In Britain the intention, according to M Laurent Brisset, Karrier's chairman, is for RVI "to become as natural a part of the British motor industry as Ford or General Motors."

A start will be made with the assembly of two ranges of RVI heavyweights at the Dunstable, Bedfordshire, plant.

RVI has designed a high-powered 16-tonner specifically for the UK because vehicles of this gross weight are not much in demand on the Continent.

It will go into production at Dunstable early next year, following hard on the heels of the G20, 38-tonne truck of which pilot production begins shortly.

K.G.

More cash and new vehicles

"THIS IS JUST the first step along the road to a new, rejuvenated Bedford," declared Mr Don Atwood, a General Motors vice-president, when he announced earlier this year that Bedford, one of the oldest names in the British commercial vehicle business, was to get a rapid transfusion of Japanese products and General Motors' cash.

The news that GM will spend £50m immediately, rising to £70m over three years, to revamp Bedford's van lines at Luton and introduce a new one-tonne van based on the Isuzu WFR model, was greeted by one long-serving Bedford executive with the comment: "At last. It shows that someone in GM's Detroit headquarters cares about Bedford."

Mr J. T. Battenberg III, the 40-year-old GM high-flyer drafted in to run Bedford from now on, hinted as much when he maintained: "The more I get to know Bedford and the world commercial vehicle industry, the more I share with my British colleagues the view that its move into the global arena of operation has come not a moment too soon and ideally should have been under way in the early 1970s."

The reason for the renewed interest in Bedford is that GM is the world's biggest producer of cars and in the long term covets the top spot for commercial vehicles too.

To this end GM has brought together into a "world truck and bus group" all its truck, bus and diesel engine production activities in North America, Brazil and Europe, where Bedford is the main element.

Also involved, but as arm's length suppliers and customers,

Bedford GM

are two Japanese associates: Isuzu, in which GM has a 34 per cent stake, and Suzuki, where it has 5 per cent.

Bedford previously was responsible for GM's European commercial vehicle operations but now control has been snatched back to the new world truck and bus headquarters at Pontiac, Michigan, where Mr Atwood is group executive in charge.

The formal change took place in January when Bedford was split away from Vauxhall, GM's car business in Britain, at which time a value of £172m was put on Bedford. Bedford now stands alone with its own management team headed by Mr Battenberg who reports directly to Mr Atwood.

As Mr Battenberg points out, the Bedford management now is "dedicated 100 per cent to the commercial vehicle business and the only priorities we have are commercial vehicle priorities."

In other words, no longer will Bedford's successes or failures be obscured by those in the Vauxhall car operations.

Until 1980 Bedford was profitable but that fact was not clear to see because its financial results have not been separated out from those of the car business. Vauxhall (including Bedford) has reported a net profit only once in the past 13 years. The 1982 results showed a net loss of £38.7m on a turnover of £1.06bn compared with a loss of £57.4m on sales of £761.7m the previous year.

Ironically, the car operations are now profitable but Bedford is suffering from the downturn in demand which first hit the UK in 1980 and subsequently spread to export markets.

GM's "world truck" programme is all about economies of scale. The group wants to develop and produce key components—such as engines, axles, transmissions—on a large scale for use in trucks assembled by its subsidiaries and associates throughout the world.

Promise

However, none of this will take effect until the end of the 1980s. Mr Atwood promises that "Bedford will remain an assembler of vehicles for the UK and Europe and a manufacturer of components and sub-assemblies for the world truck group *where it can be competitive*," (my italics).

That is not exactly an unqualified vote of confidence. And Mr Atwood insists: "Bedford still has some serious operational problems. Costs need to be reduced further. Manufacturing efficiencies still need to be increased. And the marketing and distribution network must be substantially strengthened, particularly in Bedford's traditional export areas."

GM's search for products to make Bedford more competitive has turned up the Isuzu WFR van. Bedford will spend £25m to re-engineer the Japanese product for Europe and another £25m to upgrade the Luton van lines.

The Bedford CF van, also produced at Luton and which GM reckons is complemented by the WFR, will benefit from the changes, particularly from a new paint plant being installed.

To avoid being caught by the restrictions on sales of Japanese vehicles in Britain, Bedford will push the EEC content of the vans to 80 per cent by ex-factory value as quickly as possible.

Production will start at the end of next year and the annual output eventually should reach 20,000 of which around half will be exported. Bedford expects to do well with the van in Italy and France, countries which also have severe restrictions on direct imports of Japanese vehicles.

In other Continental markets GM suggests Bedford sales should be given a boost by a new company—jointly owned by the U.S. group, with 51 per cent and Isuzu—set up to distribute Bedford and Isuzu products as one range in those markets open to the Japanese.

Bedford has allocated a further £20m for Luton and this might well go towards preparing for the assembly of another Japanese product, the Suzuki "microvan". Mr Battenberg is enthusiastic about the idea and says serious negotiations have been going on with Suzuki.

So far there has been no word about what is to be done with Bedford's Dunstable plant which, according to insiders, needs at least £100m spent on it to bring it up to modern standards.

The most obvious conclusion to be drawn is that Dunstable will have to wait until GM has finished working out the fine points of its world truck programme.

Meanwhile, Bedford's marketing director, Mr Des Savage insists: "We have spent £100m to get into the heavy truck business. And as the UK market picks up you will see what we can do."

K.G.

Gradual, efficient expansion

DAIMLER-BENZ was dealt an unexpected blow less than two weeks ago when the chairman since 1980, Dr Gerhard Prinz, died suddenly at the age of 54.

Dr Prinz followed Dr Joachim Zahn who retired after 14 years as chairman and D-B was obviously hoping for another long-serving chairman to consolidate Dr Zahn's achievements.

Dr Prinz summed up D-B's corporate philosophy perfectly when he said recently: "We intend to expand our penetration of all the volume European car and truck markets. But we will do so gradually, not dramatically, from one year to the next.

"We will move only when our dealer network is efficient enough to be able to provide proper service back-up for the extra vehicles sold."

By being careful, cautious and conservative, D-B has risen to become the biggest motor industry group in Europe in turnover terms — sales of DM 38.9bn last year put it ahead of the Volkswagen-Audi group's DM 37.43bn.

D-B is also the leading truck and bus producer in western Europe in volume terms, accounting for about 14 per cent of all vans and trucks built, and about one-third of all the trucks over 6 tonnes.

Move a little further up the weight range and D-B is the biggest producer of trucks over 15 tonnes gross in the world.

And D-B ended 1982 with a massive DM 9bn ($3.5bn) cash reserve, an extremely useful cushion against the recession and the deep drop in truck demand which has arrived with it.

Dr Prinz, as might be expected, insisted that the cash will certainly not be used for acquisitions and a dash for fast growth.

"Our policy is to generate growth from our own resources. We don't like big acquisitions. And when we do take a company over we stick to our own field. It is dangerous to acquire a company in a business of which you know very little."

For the time being D-B has no intention of filling the obvious gaps in its vehicle operations. It is not represented in the Far East with its own assembly facilities but Dr Prinz said, "At the moment we do not have the courage to consider an acquisition there."

The gap is significant because outside West Germany D-B has 14 production works and 27 assembly plants. There are important subsidiaries in Brazil, Argentina, Spain and the U.S.

D-B does not intend, either, to move into the business of producing vans below 2.5 tonnes gross weight. "Such vans use high-volume, car-derived components of a type we do not have," said Dr Prinz.

In any event, he believed that DM 9bn in cash is not excessive compared with the group's turnover of DM 39bn and the fact that exports—which go to 170 countries—account for 64 per cent of sales. "Financing exports is more expensive and risky than financing domestic business."

The D-B Board is under no pressure from shareholders to change its ultra-conservative approach. The major shareholder is Deutsche Bank with 28.1 per cent and then comes the Mercedes-Automobil-Holding concern, seperately qnoted and owned by West German institutions and small shareholders, with 25.23 per cent. Kuwait, via its investment company, has a further 14 per cent.

Dr Prinz maintained that the board welcomed this Kuwaiti shareholding for the stability it brought but would be surprised if it was raised. The Flick group owns 10 per cent of D-B leaving only 20 per cent to be spread through 100,000 other shareholders.

Looking to the gronp's future, Dr Prinz insisted that, although the car business accounted for nearly all the 11.5 per cent improvement in net profit to DM 921m last year, the group remained equally committed to its commercial vehicle operations.

In spile of spending DM 2bn on the new small car, the 190, launched at tha end of last year, commercial vehicles still absorb their fair share of the group's investment spending. Last year the commercials accounted for 27 per cent of the DM 3.4bn capital spending. (The outlsy worldwide in 1983 will be abont DM 3bn).

The 1982 investment programme was completely self-financed. "If we had to publish a separate truck balance sheet for 1982, we would be able to pay a good dividend and put a good sum into reserves," said Dr Prinz.

The West German factories — at Mannheim (engines and buses), Gaggenau (gearboxes and Unimogs) Berlin-Marienfelde, Kassel (axles) Hamburg-Harburg and the main assembly facility at Wörth on the Rhine — prodnced 4.6 per cent fewer Mercedes commercial vehicles last year and Dr Prinz admitted that the gronp expects a further 9 per cent fall, from 187,000 to 170,000 this year.

In the longer term the group expects good growth in heavy truck sales in the U.S. when it adds to and revamps the Freightliner range using D-B know-how.

Freightliner was acquired by D-B in 1981 after "three years of careful planning" and is expected to hold sales at around 8,000 trucks this year. "But we expect to have a fair chance to expand in the growing market in the U.S.," Dr Prinz said.

The acquisition of Freightliner took D-B into the big time in the U.S. giving it about 9 per cent of the heavy truck market. Freightliner sold just over 10,400 vehicles in 1980 but this was reduced to 9,000 in 1981 because of the slump in total truck sales in the U.S.

In 1982 D-B reorganised its U.S. interests, bringing together the Hampton, Virginia, assembly plant it had operated for two years previously with Freightliner in a new holding company, Daimler-Benz of North America.

The holding company also takes in the Euclid construction equipment business D-B has owned for many years. D-B's new truck business in the U.S. has e turnover of about $700m and employs around 4,600.

In Europe, the most significant recent acquisition was in Spain where in 1980 D-B lifted its 45.6 per cent existing shareholding in the Mevosa company to 52 per cent. The Spanish Government, through its INI holding company, owns 45.5 per cent of Mevosa which has a factory at Vitoria, for light vans, and another at Barcelona for diesel engines.

D-B is in the process of expanding Mevosa's van production capacity from 16,000 and will also increase diesel engine output substantially.

Kenneth Gooding

Working for a turnround

MAN, West Germany's second largest truck maker, has had more than its share of problems during the past year.

Long used to being in the black, the company (Maschinenfabrik Augsburg - Nurnberg), which also embraces a wide range of engineering activities, reported a DM 300m ($115m) loss for the financial year to June, against a DM 31.7m profit a year earlier. About half the loss came from the commercial vehicles division, whose sales revenue dropped by 27 per cent, from DM 3.8bn to DM 2.8bn.

Subsequently, there has been a struggle et the highest levels both of MAN and its parent GHH, Europe's biggest engineering group, over the direction e recovery strategy et MAN might take.

A supervisory board meeting of GHH was due to take place yesterday, to be followed on Friday by one of MAN's supervisory board. Major decisions on the future of some key board figures and company policy were expected.

The extent of the problems facing it on the commercial vehicles side were outlined recently by Herr Wilfried Lochte, head of the trucks division. Truck production fell by nearly one-third last year, from 22,042 to 17,397; but output fell from 3,431 to 2,616. Actual truck sales were lower yet, at 16,000.

On average, despite a number of measures taken since 1980 to cut back on jobs and capacity, between 20 and 25 per cent of capacity was unused last year. In the case of the medium-weight trucks it produces jointly with Volkswagen, no less than 70 per cent of capacity was unused.

The workforce, 21,500 in 1980, continues to be pared down to a planned 16,000 by the middle of next year.

Like other European truck makers, Herr Lochte blames mainly the collapse of demand in Opec and other Third World states for the company's difficulties.

For MAN, the collapse was swift and devastating: in calendar year 1982 57 per cent of its trucks were exported; in this year's first six months—embracing the last half of MAN's financial year—exports plunged to 38 per cent.

In 1981, MAN supplied 5,600 trucks to the Middle East alone, or 25 per cent of output. In the six months ending June, the Middle East took 47.

The problems have been compounded by weak demand in Western Europe.

However, Herr Lochte says that an upturn in demand now taking place in West Germany and some other European markets should produce a turnround at MAN this year.

What he will not predict is when there might be a return to profitability.

In terms of company structure, heavy truck output is now being concentrated more strongly at the Munich plant, with bus and MAN-VW 6-9-tonne truck output being concentrated at Saltzgitter.

Despite its drop in unit sales MAN has in any case been strengthening market share, and has 24-25 per cent of the West German market for trucks over 9.8 tonnes.

He does not discount collaboration with other truck makers beyond its existing links with VW and a long-standing collaboration with Daimler-Benz, with which it shares diesel engine production facilities.

A priority, however, is to consolidate the group's strength in the West German and European markets, and to become less dependent on volatile Third World sales.

But MAN's production activities are far from confined to West Germany. Its Austrian subsidiary, Graf and Stift, has 2,000 employees making trucks and buses at two plants near Vienna. In South Africa, heavy trucks are assembled by another subsidiary, MAN Automotive, employing 600 and turning over DM 190m last year.

In the U.S., MAN Truck and Bus Corporation employs 700 making articulated buses—almost 1,200 of which have been sold to make MAN the clear market leader.

MAN is also Turkey's largest maker of heavy trucks and buses through an affiliate, MANAS of Istanbol, which employs 1,100.

Its smallest operation is in Australia, where difficult market conditions have led it to cut assembly operations of its MAN Automotive subsidiary, at least for trucks, though a strong presence in the Australian bus market is retained.

John Griffiths

Ambitions to be biggest truck producer

HINO IS JAPAN'S largest heavy truck producer and makes no bones about its long-term objective. It wants to become the world's biggest heavy truck producer in unit terms, overtaking Daimler-Benz of West Germany on the way.

It has a long way to go. Last year D-B produced over 250,000 commercial vehicles world wide. Hino's output was 61,485 (down from 74,000 in 1981).

But Hino considers itself to be part of the Toyota group, even though Japan's largest automotive concern only has a 9.8 per cent shareholding. And Hino produces about 240,000 pick-up trucks a year for sale with Toyota badges as well as 70,000 to 80,000 Toyota cars.

An important element in Hino's strategy for world domination was slotted into place this past summer when it signed up an assembler for the U.S.

Hino believes that the Japanese big truck producers cannot expect any further growth in worldwide sales unless they enter the U.S. market. "The major truck makers in Japan have virtually exhausted the rest of the international market with only the U.S. left untouched," a Hino executive said earlier this year.

Hino is using the Toyota connection to good effect in the States. It will import knocked-down kits via its own U.S. subsidiary. But assembly of the trucks will be by Lisa Enterprises of Deerfield, Florida—the parent company of a major Toyota car distributor, Southeast Toyota Distributors.

Three mid-range (gross weights from 23,500 lb to 33,000 lb) diesel models will be assembled, starting early in 1984. The trucks will be powered by Hino's six-cylinder diesels rated at 160, 180 and 200 hp, with a six-speed transmission—but customers might later be offered an Allison automatic as well.

Production should reach 500 next year, rise to 800 in 1985 and Hino reckons 5,000 a year is possible from 1988 onwards.

Some parts for the Hino trucks, such as fuel tanks, batteries and tyres, will be bought in the U.S. At first marketing will be restricted to the South East States and then spread more widely as production builds up and the new Lisa company develops along with it.

Hino has been testing the water in North America by dipping its toe into the Canadian market. It has a small assembly unit there producing about 450 vehicles a year.

The Japanese group also has hopes of getting into the bus business in the U.S. Two buses were tested by the City of New York in 1981 and in June last year Hino sent another, built to American specifications, for a follow-up test.

If the test is successful, Hino would be in the running for orders for several hundred buses a year from New York and would set up a bus assembly facility to fulfil them.

Apparently Hino has given up attempts to boost sales in Europe—where it has been selling 500 to 600 trucks a year—to significant levels. It once planned a truck assembly plant for Europe in Belgium where it had space available at its part distribution centre. But that project has been dropped. "There are too many strong European heavy truck manufacturers," said Mr Keiichiro Yamaguchi, managing director of Hino's overseas operations, by way of explanation.

However, the Japanese group has found a way to make a little more money in Britain. It has agreed to deal with the UK independent, ERF which will produce 12 to 15-tonne trucks based on Hino designs.

ERF hopes to capture 10 per cent of the market sector in Britain (and the deal restricts it to sales in the UK) which accounts for 10,000 to 12,000 units of this weight a year. To do so ERF would have to take sales away from Ford and Bedford, which dominate the sector, with Dodge, another UK-based supplier, a good third.

By adding vehicles complementary to its own truck range, ERF expects to make its 50 distributors and dealers in Britain a bit more viable and thus protect sales of its own heavy models.

The UK Department of Industry has insisted that local (that is EEC) content in the ERF-Hino vehicles start at 60 per cent and rise as quickly as possible—but within three years at the latest—to 80 per cent.

Some people in the British industry were dismayed to find that ERF could commit itself to these local content targets and yet still import Hino cabs from Japan in a built-up state, gearboxes and both front and rear axles.

One of the terms of the arrangement is that the Japanese will not ship directly to Britain heavy trucks of over 3.5 tonnes gross weight.

Hino has already shown it was willing to circumvent this, if possible, when it allowed its importer-assembler in Ireland to ship trucks to Britain. These trucks—so far only a few hundred have been sold — are not shipped directly from Japan and are therefore not covered by the terms of the gentleman's agreement.

When output of the Hino-based range begins early in 1984, initial output will be one a day (roughly 225 a year) rising to two or three a day depending on how demand develops.

Last year ERF produced 1,736 trucks. In the first half of 1983 its output fell to 777 from 1,002 in the same period of 1982.

K. G.

Advantages of three home markets

"WHEN THINGS are difficult, as they are in our industry today, countries get more protectionist, more nationalistic. It is useful to have three home markets where we can be seen as a national company," says Sig Giorgio Manina, managing director of Iveco.

The group emerged as Europe's second largest truck business when it was formed in 1975 through the merger of Fiat's commercial vehicle interests — already including Lancia and OM in Italy and Unic in France—with those of Magirus in Germany.

Sig Manina points out that Fiat received a substantial injection of vehicle engineering talent through the merger. "We got access to German employees who do not want to work in Italy for various reasons but who now work for us in Germany."

Fiat on its own would probably not have been able to reach the current Iveco scale of output, Sig Manina believes. "Although we would not have had the short-term problems, such as the losses in Germany and France, in the long term we would not have had the chance of being a significant company in those markets."

Since the merger, Iveco has shown its willingness to inject itself with even more outside expertise through the joint venture projects it has set up.

The one which will show up in the market place first is with Rockwell of the U.S. The two have joined forces to make truck rear axles based on Rockwell's North American designs but suitably adapted and tested for European use and to be sold to any manufacturer which might be interested, not just Iveco.

A new company, Rockwell CVC-Omevi, was set up to acquire an existing Iveco plant in Cameri, Italy which was stripped and converted. Well over $115m will have been spent by the time the plant comes into production shortly.

Rockwell will soon become the majority partner in the venture which in the long term looks for sales of 100,000 axles a year.

Early this year Iveco linked with another U.S. group, Eaton Corporation, for the design, manufacture and marketing of medium-duty truck transmissions.

Both Iveco and Eaton need to replace their ageing ranges of transmissions — used largely in delivery vehicles and trucks of up to 16 tonnes gross weight.

First prototypes of the jointly-developed transmissions, based on Eaton's current five and six-speed boxes, should be in working vehicles by 1985 and full production is scheduled for 1986.

Eaton will use its plant at Basingstoke in England to manufacture the transmissions and also one of its U.S. facilities. It will be the first time Eaton has offered a medium-duty transmission in the U.S.

Iveco will also make the transmissions—at its existing gearbox facility at Brescia near Milan. Apart from major savings arising from the sharing of development costs, Iveco benefits from its access to Eaton's worldwide truck components sales network.

Eaton, like Rockwell, should gain from guaranteed volume from Iveco which should help keep down prices and make the transmissions more attractive to other vehicle producers.

Sig. Manina points out that both the Rockwell and Eaton ventures fit in with the Iveco theory that the European truck industry will gradually move away from its traditional vertical structure, in which many of the major producers make most of their own components, to one where they would instead assemble high-technology components bought in from suppliers who would be able to cover the huge investment costs by producing in high volume.

He says that Iveco would prefer joint ventures rather than simply to buy in components because "if the industry is to de-verticalise there will be a substantial market for components and we would like some of that action. We want to keep a finger in the development pie as well."

Sig Manina insists that Iveco would never depart from the vertical structure to the extent of giving up its development of its own engines—"the heart of the truck." With an output of about 280,000 diesel engines a year, Iveco has the volume to make the investment and development cost worthwhile.

Last year proved to be a very difficult one for Iveco. Sig Manina outlines the adverse factors:

● Nigeria, Libya and Algeria, which between them have been taking about 10,000 Iveco trucks a year, took practically none in 1982.

● A long-standing arrangement with Saurer in Switzerland came to a sudden end when the Swiss group completed a tie-up with Daimler-Benz and Iveco had to set up its own import company there.

● There were also problems in Austria, Ireland and Holland and Iveco quickly had to set up as an importer in those countries.

● There was a reduction in employees from 50,800 to 43,400. The brunt of the shake-out was felt in West Germany where Iveco closed its bus manufacturing plant at Mainz with the loss of 1,400 jobs.

Sig. Manina stresses that Iveco has no intention of quitting West Germany either as a manufacturer or as a marketing organisation and that the group has a major engineering base there.

According to the Fiat group's consolidated annual report, Iveco sold 103,860 vehicles last year (down 11.6 per cent on the 1981 total) but produced only 93,700 (down 17.4 per cent). Output was reduced to bring it into line with demand while cutting inventory levels.

In Italy 38,390 vehicles were sold (down 14.7 per cent) but Iveco's market share rose from 63.4 to 64.7 per cent of the over-three-tonnes sector.

In Germany 9,290 vehicles were sold—down 18.1 per cent—and Iveco's market share remained unchanged at 9.6 per cent of the over-2.6 tonnes sector.

In France, sales rose 28 per cent from 9,360 to 11,960 and Iveco's market share of the over-three-tonnes sector was up from 8.8 to 11.7 per cent.

Sales in other European countries showed a slight improvement, from 9,960 to 10,140. Exports to countries outside Europe fell by 14 per cent.

In the U.S. sales rose 5.1 per cent to 2,560 and in Latin America, in line with the general market trend, they dropped 50 per cent to 1,800.

Revenue last year showed a 8.7 per cent decrease to L4,973bn (L3,13bn) while operating income was L303bn (L518.3bn in 1981).

The French and Italian companies were profitable but the German business was hit not only by the downward trend of the market but also by the cost of shutting the Mainz plant.

Research and development expenditure last year was L150bn and additionally Iveco invested L126.8bn (L101.2bn).

Iveco made a number of false starts in the U.S.—obviously a prime target for any truck maker with the ambition to become a world force.

A deal for International Harvester to open up its U.S. dealer network to Iveco's medium-weight commercials fell through because of IH's financial problems.

The European group had already made a significant shift in policy in the U.S., moving the emphasis away from medium-heavy diesel trucks to lighter-weight chassis cabs, again diesel-powered, to which American customers add their own bodywork.

Sig Manina says the cancellation of the IH arrangement put Iveco's U.S. plans back a little in terms of market coverage. "We lost some time we could have used to sign up dealers. But the American truck market has been so depressed we didn't lose much."

He adds: "Now the U.S. market has been picking up and now we have a lot of new people there and our house has been put in order and our network strengthened—and with the help of the lira-dollar relationship—we can make money in the U.S. this year."

Sig Manina says that once U.S. sales reach 5,000 and look like holding at that level Iveco will have to start assembling in the States. "The pipeline from Europe is too long for that kind of volume."

Kenneth Gooding

One of Seddon Atkinson's new 301 six-wheelers. Enasa could buy Seddon to gain immediate access to its 44 dealers

Determined push from Spain into EEC countries

THREE European truck companies have been hit by the backwash from the near-collapse of International Harvester, once North America's major heavy truck producer.

Apart from Daf, whose association with IH is dealt with elsewhere in this survey, Enasa, the Pegaso trucks and buses group of Spain, and Seddon Atkinson in the UK, have been profoundly affected.

There are signs, however, that, though deserted by IH, Enasa and Seddon might find solace in each other.

Enasa has been negotiating with IH to buy the British company which is 100 per cent-owned subsidiary.

Until May last year Enasa's future was bound up with that of IH, which had taken a majority shareholding and management control. There was also a plan to build a major diesel engine plant to produce IH engines in Spain.

However, the financial problems of the U.S. group led it to withdraw from the Enasa arrangement and also from its other truck operations outside North America—so Seddon was put up for sale.

Enasa has worked swiftly to put together an alternative strategy now that its ownership has reverted to INI, the state holding company. "The wind has changed and we had to adjust our sails," says Sr Juan Llorens, Enasa's deputy managing director.

"By 1985-86, when Spain joins the EEC, we want to have established a network of service points along all the main TIR routes in Europe. We must support those customers who buy our heavy trucks in Spain and use them for international haulage."

Enasa has signed up more than 30 dealers for the new service network and the next step will be to set up its own import companies in key European markets.

"We have given this top priority and allocated thousand of millions of pesetas for it," Sr Llorens maintains.

Analysts in Spain suggest the budget could run to Pta 5bn ($32.8m).

Initial emphasis is being put on strengthening the group's position in France and the Benelux countries because of their proximity to Spain. Enasa's existing French subsidiary is being refinanced and moved to a new prestige building in Paris. The company is waiting for formal INI approval to set up a subsidiary in Belgium.

An importer has been lined up for Switzerland while Austria, Italy and Ireland are on the list of countries in which Enasa will be represented before long.

Sr Llorens points out that the company has two alternatives for Britain. It can either follow the Continental pattern and establish its own import company or it could buy Seddon to gain immediate access to Seddon's 44 dealers. In the longer term the next generation of Pegaso and Seddon trucks could be jointly developed, perhaps with some imports from IH in the States.

Enasa is the only company currently discussing seriously with IH the purchase of Seddon and the outcome mainly depends on Enasa's parent, INI, which is expected to give a decision before the end of this year.

Sr Llorens said Enasa realised there was some urgency. "We think it is very important from Seddon's point of view that the uncertainties be cleared up quickly. Seddon is a good company with good products and loyal customers. But we think it would be in a much better position if the questions about its future were removed."

IH acquired Seddon for £10m in 1974 but said recently that, following three years of losses and a major rationalisation programme—which included reducing the workforce from 1,836 to 662 and giving up the manufacture of some components—Seddon's net worth had fallen below £4.5m.

Sr Llorrens said that, if Enasa took control: "We would have to inject more money to bring Seddon back to complete health. We would help it recover quickly."

Seddon would retain its British identity and there would be no question, for example, of Enasa sending components from Spain for the current range of Seddon vehicles, he added.

Seddon produced 1,820 heavy trucks last year but in the first half of 1983 its production slipped back to 610 compared with 900 in the first six months of 1982, reflecting to some extent the uncertainty generated by IH's decision to withdrawal—which, as Sr Llorens suggests, cannot have helped Seddon at a time when the British heavy truck market has been so severely competitive.

Enasa expects to produce about 15,000 vehicles this year, including 3,600 panel vans and 700 agricultural tractors (the tractors from IH kits).

Together Enasa and Seddon would, therefore, be roughly equivalent in terms of output to Leyland Trucks in Britain or Daf in Holland.

Negotiations between Enasa and IH have been friendly in view of the previous relationship between the two. Sr Llorens says that IH agreed to pay $10m compensation for withdrawing from its contract with Enasa but will give technical assistance, not cash, in respect of this sum.

While the main objective of the Pegaso service network throughout Europe is to provide service to trucks sold in Spain, Enasa also hopes to sell more vehicles in the area than in the past.

Annual sales averaged around 60 in Europe, excluding Spain and this should improve to 400 if all goes to plan in the medium term.

Pegaso products are not well known in Europe outside Spain because traditionally Enasa has concentrated its export efforts in South and Central America, and Africa. Recent orders include 7,000 buses for Chile and 5,000 buses for Cuba.

In Spain Enasa accounts for about half of total truck sales and it has 93 per cent of the bus market. Enasa's vehicle output was 9,000 in 1981 and moved up to 12,000 last year.

The group's huge losses have been steadily reducing; from Pta 14bn in 1980 to Pta 11.5bn in 1981 and Pta 8.9bn last year.

On a turnover forecast at Pta 85bn this year Enasa predicts its loss could be down to Pta 2.4bn after extraordinary items without which there would be a profit in the region of Pta 2.5bn.

The extraordinary items will cover the cost of reducing the workforce from 12,600 to 10,500.

The most important factor in Enasa's recovery has been a contract to supply 11,800 all-wheel-drive trucks and some buses to the Egyptian Army to replace ageing Russian military equipment. This contract, possibly the largest ever awarded for vehicles, is worth more than $1bn over the three years 1981-84.

That deal has given Enasa vital breathing space to get itself into shape to prevent the steady erosion of its domestic market share by the other major European truck groups, who now regard sales in Spain as an important part of their strategies.

K.G.

U.S. purchase extends world network

VOLVO'S $75m purchase of the bankrupt White Trucks business in the U.S., a deal which gave it a base from which to tackle the North American market in a much more serious way, seems to be paying off.

Volvo White Truck Corporation, as the U.S. offshoot is known, recently announced that it was to step up output at its plant in New River Valley, Virgina, where about 600 are employed, from 20 to 26 units a day.

According to Mr Thage Berggren, Volvo White president, the increase springs from improved market conditions coupled with the company's own emphasis on product development.

"For the past two years we've invested heavily in product development and now it's beginning to pay off," he said.

Those product developments have involved both the White and Autocar trucks, names Volvo acquired along with other White assets, as well as Volvo vehicles which were put into production at New River Valley in September last year. Apart from the increase in output at New River Valley, production at the Autocar plant in Ogden, Utah, was also recently stepped up by 30 per cent.

The totals are still relatively small, however. Last year Volvo White produced 3,900 trucks whereas capacity is around 12,000. And the company operated at a loss in 1982 and the first half of this year. However, the investment was a long-term one for Volvo.

Volvo is dedicated to the idea that if a heavy truck is to work properly, the producer should manufacture all the key elements—engine, transmission, axles and frame—so that they can be perfectly matched. But it has not been attempting to persuade American hauliers to change from ordering custom-built Autocar or White trucks—in the U.S. customers usually specify tha key components from the outside suppliers they prefer and they have the truck assembler put them together into a decent package.

But now the Volvo trucks are on sale in the U.S., the company hopes eventually it can win over more Americans to the idea of buying trucks in which the main components are matched by the producer rather than chosen by the customer.

Volvo's total truck production reached 34,600 last year, up from 28,200 in 1981. Of last year's total 14,100 were produced in Sweden (12,600)

VOLVO

10,800 in Belgium (8,500) 1,300 in the UK (800) and a further 4,500 were split between Brazil, Australia and Pern on top of the U.S. output.

Volvo was one of the few truck makers in the world to be able to show a good profit in 1982. Its net income rose from SKr 730m ($93.5m) to SKr 615m on sales up from SKr 8.2bn to SKr 10.8bn.

Apart from the deficit in the U.S., Volvo trucks also had to absorb losses in Brazil and Peru "where demand was sharply lower."

The British subsidiary, which operates an assembly plant at Irvine in Scotland as well as acting as an importer and distributor through six wholly-owned outlets, moved back into the black in 1982.

It produced a pre-tax profit of £3.39m on sales of £116m last year compared with a £1.37m loss on sales of £86.4m in 1981. As a result, the British company was able to pay the parent a £1.75m dividend.

At the end of last year the company decided to spend a further £340,000 at Irvine to provide additional facilities for the prodnction of a new double-deck bus cbassis, called Citybus.

Western Europe is Volvo's most important sales area and last year the group's share of the market for trucks over 16 tonnes gross moved up by another percentage point to 15 per cent. Volvo also increased its share in the market for medium trucks (five to 16 tonnes), to nearly 6 per cent.

France last year retained its top ranking amoog Volvo's truck markets with sales of 3,500 units (3,400 in 1981) while the UK was second with 3,430 (2,540).

The group's domestic market, Sweden, was in third place with sales of 2,280 units (2,650). In Sweden, Volvo's share of the over-16 tinnes sector was 48 per cent) while the share of the five-16 tonnes class remained unchanged at 50 per cent.

Sales in other countries included: the Netherlands 1,290 (1,200), Finland 1,120 (1,300), Norway 1,040 (1,130), Portugal 990 (900), Denmark 910 (830), Belgium 890 (610), and Brazil 770 (460).

The Middle East as a whole remained a very importaot market area for Volvo and last year the group sold 8,000 (5,600) trucks there — equivalent to half the number of deliveries to Western Europe.

Of the Volvo group's total income of SKr 2.44bn, the truck business accounted for 33.4 per cent compared with SKr 1.785bn or 73 per cent from the car operations. (There were losses in the company's energy sector and other interests which is why the car and truck businesses accounted for 106 per cent of total income.)

K.G.

Heavy truck division fights off recession

COMPARED with the exciting cars and airplanes produced by Saab-Scania, its trucks could be considered mundane. But during the 1970s, Sweden's seventh-largest company owed its financial survival to the trucks business.

Year after year trucks generated 80 per cent of group profits.

But the Scania division has such a large presence in the truck market—it reckons to account for 5 per cent of world production of trucks over 16 tonnes gross weight (excluding the Eastern bloc)—that it could not possibly escape some adverse impact during the current crisis in the heavy truck business.

The biggest single market of the past two years, Iraq, larger even than the home market, has collapsed from sales of 3,900 units in 1981 to barely a few hundred this year.

Scania has at least been able to improve its share of the sinking markets in Western Europe and South America, however, and its truck profits have not declined as sharply as the fall in production. Truck and bus output slumped to 20,900 last year compared with 27,700 in 1980 and 25,200 in 1981.

Concentrating on trucks of 16 tonnes and over, Scania accounts for 15 per cent of total world exports for heavy trucks, ranking only behind Daimler-Benz and Volvo.

Its commercial vehicle manufacturing operations in Argentina and Brazil—it held 52.3 per cent of Argentina's heavy truck market and 46.1 per cent in Brazil—have suffered serious setbacks because of the turmoil in those countries' economies.

But Scania is still seeking to expand its assembly operations in the developing countries.

For example, last year its assembly facility in Tanzania came on stream. Based at Kibaha, 35 kilometres from Dar es Salaam, the plant is majority-owned by the local Government via the State Motor Corporation. In 1982 nearly 350 Scania vehicles were assembled, including P80 and P112 trucks and some bus chassis.

Setbacks on the truck side were not bad enough to prevent Saab-Scania from making good profits on the back of the recovery in the Swedish economy last year. They rose by 32 per cent to SKr 1.38bn on a 16 per cent increase in turnover to SKr 18.7bn.

Of the total turnover last year, trucks and buses accounted for SKr 7.7bn (41 per cent), cars for SKr 5.8bn (31 per cent) and aerospace SKr 1.7bn (9 per cent).

Scania's share of its domestic heavy truck market last year

SCANIA

passed the 50 per cent mark and the group was top in the Nordic markets.

In 1982 the Nordic countries accounted for 20 per cent (1981: 23 per cent) of total sales; other countries in Western Europe 34 per cent (31); Asia-Middle East 23 per cent (21) with Africa and Latin America taking 20 per cent (24). Australia was among the "other countries" which accounted for the remaining 3 (1) per cent.

Scania's top ten truck markets, measured by invoiced sales, last year were: Iraq 2,396; Brazil 2,137; Sweden 1,719; France 1,552; UK 1,481; Italy 1,040; Netherlands 924; West Germany 863; Finland 749; and Turkey 718.

Major markets for Scania buses in 1982 (invoiced sales again) were: Sweden, 386; other Nordic countries, 402; ether European countries, 130; South America, 1,060; Asia, 874; and Africa and others 157.

Scania used its experience with city buses in Europe to tackle the U.S. market where it has had several cities testing them.

The group is setting up a plant at Orange, Connecticut, which, when expanded to full capacity, will represent a $7m investment.

In the first stage the facility will produce 250 buses a year and employ 250 people.

The first deliveries of buses is scheduled for the second part of next year and equipment is already being moved into the plant.

The bus type to be produced is the Scania 112. This has an engine mounted in a sound-insulated compartment at the extreme rear of the bus. The external sound level emitted is therefore a low 71 decibels, another factor which helped win the U.S. orders.

The bus business will help Scania's name become known in the States, because the company is still searching for a method of getting its trucks into the U.S.

Trucks bave been tested there with good results for some years but Scania has been deterred from making any move because of the extremely high cost of maintaining a service network in the U.S.

The ideal answer would be for the Swedish group to find a local partner for truck production in the U.S. But, now that Renault Vehicules Industriels (RVI) has control of Mack, Volvo owns White Trucks, Daimler-Benz bas bought Freightliner—and because of the financial ill-health of International Harvester—the choice of partners is limited.

At home, during 1982 Scania carried out substantial capital expenditure projects—totalling SKr 160m—the largest investment being for a new assembly plant for gearboxes and transmissions at the main plant in Sweden, Sodertalje. The assembly plant at Zwole and cab production at Meppel, both in the Netherlands, were also expanded.

K.G.

Independence maintained

"WE OFTEN hear sceptical comments by people who say Daf will not be able to stay independent much longer. Apart from the fact that such comments have been bandied about since 1948, I would say we are a human-sized organisation.

"The principal feature of this is that we are able to think and act flexibly. Furthermore, we have our costs well under control so that we are eble to stay on course in stormy periods. We are aware that a company of our size cannot afford to make any mistakes."

So says Mr Aart van der Padt who took over last year as chairman of Daf following the untimely death, at the age of only 47, of Mr Piet van Doorne, a man whose personality brought a very distinctive touch to the company's operations.

That flexibility of thought was well to the fore when Daf dreamed up a "Dutch" solution to the potentiat problems which might have arisen over International Harvester's 37.5 per cent shareholding.

IH, the U.S. group, acquired the bulk of its stake in Daf in 1975 when the Dutch concern ran into financial problems. The original intention, after IH had injected new capital, was for the two groups to co-operate in research and development work and for IH to sell some Daf products in North America.

Hardly any progress was mada with these objectives and matters were made worse by personatity clashes between senior executives of the two companies.

Ironically it was "big brother" IH which eventually ran into extreme money troubles. The U.S. group bad to restructure so as to retain the support of its bankers on whom its survival depended. IH decided to withdraw from all its truck operations in Europe and that meant, among other thiogs, it wanted to sell its stake in Daf.

In June this year two-thirds of the IH shareholding was bought by the GDD consortium and the rest by a trust which is pledged to vote "in accordance with the consortium's instructions."

Mr van der Padt maintains: "This was only one of the important steps we are taking to secure our independence."

An unusual feature of the deal was that Daf itself is part of the consortium. In effect, the company bought its own shares, with the approval of its bankers.

Members of the GDD consortium are: VADO, the trust owned by the van Doorne family (brothers Hub and Wim van Doorne founded Daf in 1928) which has 12 per cent; the state-owned Dutch Stata Mines (8 per cent); Netherlands Investmeot Bank (48.34 per cent) and Daf Trucks (31.66 per cent).

In effect, the switch of the shares to the consortium increases the Dutch Government involvement in Daf. The Dutch State Mines already had a 25 per cent stake. The van Doorne family trust, VADO, has 37.5 per cent on its own account.

Daf sold its car business to Volvo of Sweden some years ago and restricts its activities mainly to truck and coach manufacture. As a result it is a comparatively small business in motor industry terms.

DAF

In 1982 it made a net profit of Fls 1.84m (roughly £425,000) on sales of Fls 1.63bn (about £378m) compared with a profit of Fls 1.22m (£283,000) on a Fls 1.56bn (£361.5m) turnover the previous year.

Daf built 13,533 trucks in 1982 of which 1,254 were under 14.5 tonnes gross and 10,303 over that weight. The remaining 1,976 were buses or military vehicles. Nearly 60 per cent of production was exported and Daf's European market share improved from 6 to 6.8 per cent, representing a 14 per cent volume increase on 1981.

The company increased its European market share again slightly in the first half of this year but, as Mr van der Padt points out: "We believe it will be years before the 1979 level of truck demand is reached again. This is why we have reduced our capacity by 10 per cent to 13,500 units. There were no compulsory redundancies.

In the past five years Daf's investment bill has totalled over Fls 300m representing more than 4 per cent of net sales in those years. In 1982, for example, investment was Fls 54m or 3.3 per cent of turnover.

Nearly all the investment was financed from the company's own resources. Mr van der Padt points ont: "We are in the third year of a bad recession. But we have protected our cash flow and stayed out of the red."

The company will certainly have a new range of engines when they are required, whether or not a co-operative deal can be done—Daf would not consider buying them in.

In the next five or six years Daf will spend over Fls 600m on the development of a completely new range of prodncts and the application of new prodoction techniques at its factories in the Netherlands and Belgium. Renewal of its prodoct range will be completed towards the end of the 1980s.

Dutcb banks will supply some of the casb required while the Dutcb Government has also indicated that Daf should qualify for State casb under the terms of its scheme to encourage innovation in industry. Mr van der Padt is circumspect about the amount of State casb likely to be available, but Dutch sources suggest it will be about Fls 140m.

Mr van der Padt says the company is still seeking co-operative deals on a wide range of key components such as engines, cabs, axles, transmissions in order to gain the advantages of economies of scale available to some of Daf's bigger rivals.

Potential partners do not necessarily have to be Dutch or in the vehicle manufacturing industry but Mr van der Padt admits that the preservation of jobs in Holland would be a major factor.

Daf's existing co-operative deals include one with RABA of Hungary, to which Daf supplies cabs and chassis frames, and within the framework of the "Club of Four," which was formed for the purpose of joint development of a range of light trucks by Volvo, Renault Vehicules Industriel, Magirus and Daf.

Daf's special products division is co-operating with the American landing gear manufacturer Menasco and the Italian helicopter maker Agusta, while in the course of 1984 it will begin production of armoured personnel carriers for the Dutch army in co-operation with the FMC group of industries of the U.S.

On its own account, Daf has been plugging the gaps in its European network by recently opening its own subsidiaries in Norway, Sweden and Spain. The company now has 11 sales and service subsidiaries in Europe, covering nearly every country of any importance, and about 550 dealers.

K.G.

Moving towards the 'world truck'

"I THINK we could build a single design of a truck which woud be suitable for most markets of the world—with e few modest changes to its specification. We could source it in the lowest-cost countries," says Mr Edson Williams, Ford vice president and general manager of that group's truck operations.

He adds that since 1978 Ford has begun to visualise a "world truck market." And "we have begun to see that, in fact, world class, world cost, world quality plus a specification you can sell around the world is where tha future lies."

Mr Williams believes the process—the move towards "world trucks"—will start at the bottom end of the weight range and work gradually up to the heavyweights.

"The process is well under way within Ford," he suggests and points out thet the group has already announced a "world diesel engine" will go into nroduction in Brazil. This will be a six-cylinder, indirect injection, "state-of-the-art" power unit in the 130 to 230 hp range.

Cautious

Mr Williams is very cautious and circumspect about giving any more information about Ford's world truck programme.

So it is not clear whether the truck Ford intends to launch from Brazil in 1986 is part of the "world" project. Industry rumours suggest the truck—specifically aimed at the developing countries—is based heavily on the European Cargo but with input from the U.S.

The launch of the Cargo in March 1981 establisbed that Ford is out to win a much larger share of the European markets for medium and beavy trucks. Ford's commerciel vehicle sales leadership in Europe is based on its perfomanre in the light car-derived van market and with the Transit panel van.

Ford reckons it will spend about £1bn on trucks over the next four or five years out of its worldwide total of around £4bn. About 80 per cent of the £1bn will be spent in Britain.

This is because, although the group also has truck plants in Australia and Brazil, the two big design centres are in the U.S. and Britain. Therefore the "world trucks" will result from "an amalgamation of our efforts on both sides of the Atlantic," according to Mr Williams.

And, while Ford has a strong position in the truck markets of the U.S. and Latin America, in Continental Europe it has not made much of an impact except with the Transit. So, says Mr Williams, one major objective for the world truck programme will be to put this right.

As for the Asia-Pacific area, the Ford networks in that region take light commercials from Toyo Kogyo (but badged as Fords). Ford has a 25 per cent shareholding in TK.

Mr Williams knows the area well, having been for 3½ years president of Ford Asia-Pacific before moving hack to the Dearborn headquarters to head the worldwida truck operations. He says: "In Asia-Pacific if you heve a product common to the rest of the world and all you are doing is shipping and assembling, then you can match the competition.'

Mr Williams says: "We think the assets that Ford has in piece in the U.S., Latln Amarica, Europe and Asia-Pacific will be of enormous henefit when we are pulling together our world strategy. We feel that (truck) builders without that set of assets are at some risk."

The companies which fit Ford's criterie for future success, therefore, include Daimler-Benz and Volvo which also have production bases in the U.S., Latin America and Europe.

Scania, too, can get economies of scale hy switching key components around between plants in Latin America and Europe.

Renault's commercial vehicle divisions, RVI, also bas "two legs straddling the Atlantic" following its acquisition of Mack Trucks in tbe U.S.

RVI for some time has been drawing on the belp of Mack engineers for the design of all new heavy truck components—angines, gearboxes, axles and so on—it is developing for the late 1980s. Mack differs from most U.S. truck producers in that more than half the vehicles it sells contain its own key components.

RVI's interests are well spread in Europe. It has production hases in Spain and the UK as well as France and when its heavy truck ontput of around 40,000 in a normal year is added to that of Mack's—20,000—there is great potential for economies of scale. Together the two companies have a heavy truck output closa to that of Daimler-Benz, the world leader in terms of units produced.

Ford's major rival, General Motors, is also on the world truck trail—and has been since September 1979. Since the early days, however, the scope of the project has been broadened so that all commercial vehicles, from car-derived vans to the heaviest off-road trucks are included, elong with buses and GM's diesel engine interests.

The reasons behind the project were similar to those which sent GM, tha world'e largest motor group, searching for a "world car."

First, commercial vehicle markets are likely to show considerable growth but much of the growth will be in markets outside North America where it currently makes most of its sales.

Then, because of oil price increases, the Americans are being forced to produce commercial vehicles much more like those in Europe.

In the medium-weight part of the market in particular trucks will be lighter than those the Americans ara used to and increasingly powered by diesel engines.

Legislation on such things as safety and pollution is also driving designers eround the world towards similar solutions which tend to result in tha end product having similar characteristics.

And, perhaps most important of all, it makes sense to share the cost of developing and producing relatively low-volume but high-cost components between several companies at e time when the motor industry is lamentably short of cash.

Shareholding

GM began by taking a look at GMC in the U.S., Bedford in Britain and GM do Brazil—all its own companies—and Isuzu in Japan in which it has a 34 per cent shareholding.

It found, for example, that they were ali making medium-weight trucks for basically the same aplications in roughly the same gross weight ranges. Yet not one part was interchangeehle.

All the companies had gone their own way without even considering the fact that a chat with another GM company might have been beneficial.

In fact, there were no lines of communication between them, no structure within the sprawling GM organisation to encourage consultation.

That has now been put right. GM's "worldwide truck and bus group" acts as a seperate division from a new beadquarters in Pontiac, Michigan under the control of a senior vice president, Mr Don Atwood. It is the fourth-largest division within GM with over 28,000 employees.

Mr Atwood says that GM companies will share product planning, engineering and the production of components common to vehicles to be sold across the world at the end of the 1980s. Bur the vehicles will be individually tailored to suit individual markets.

Commonality could come in engines, transmissions, clutches, and axles for trucks and, possibly, even frames and cabs.

The way this might work can be judged by what GM has in mind for Bedford in Britain. Instead of manufacturing nearly all the components for its trucks, Bedford, when tha world truck production programme gets under way, would make one or two on a large scale for its own use and for distribution to other GM companies. In turn they would be producing components on a large scale, some of them for Bedford.

Isuzu and Suzuki of Japan in which GM holds a 5 per cent stake, will also be involved as suppliers to customers for commercial vehicle parts.

Other truck groups argue that this complex system is not necessary for survival and that the better, and more obvious, solution to the problem of getting maximum economies of scale is to buy from the independent axle and transmission producers.

Most medium-sized truck companies intend to keep engine engineering and production capability because they see the engine as "the heart of the truck." But smaller concerns say they can buy in all the key components and still package them in e distinctive way.

Iveco, the Fiat subsidiary and second-largest truck producer in Europe, has settled for a system where it makes its own engines but has joint deals for some axles and transmissions —with Rockwell and Eaton respectively — so as to keep some, limited, interest in the production of these items.

Kenneth Gooding

This special rig has been used by Volvo to establish optimum positions for controls, seating and adjustment settings so that all drivers can be accommodated

Continuous improvements in cab design

THE INFLUENCE of drivers on fleet operators' choice of truck chassis was perhaps greater et the time of peak commercial activity, immediately before tha recession started to hite, than it is today. Responsible caring drivers were hard to come by; their scarcity value was reflected most obviously in the pay levels they command.

Harder times have coma to the transport industry now; HGV-qualified drivers are comparatively plentiful and haulage companies in particular, carrying freight for third parties, hava been compelled to adopt a more bard-nosed approach to drivers' demands.

Nevertheless, truck manufacturers continue to improve cab design, recognising that, for transport managers as well as drivers, a well-engineered and well-planned cab can contribute to a vehicle's operating efficiency as well as the driver's well-being.

A poorly laid-out cab, with controls and switches that are awkward to reach and operate, will lead over a period to indifference and lack of respect for the machine's capabilities. Fuel consumption, reliability and durability will suffer as a result.

Heavy vehicle cab design in Europe has undergone profound changes in the last 15 years. In the United States, by comparison, cab engineering has practically stood still, with only cosmetic alterations affecting the appearance of what are essentially crude designs. Tha Americans' extensive use of aluminium in place of steel for cab panels, to save weight, is sometimes regarded as a mark of technological advancement. In fact, the light alloy panelled U.S. truck cabs are, in most instances, even more rudimentary than their steel counterparts.

Continental and Scandinavian truck producers, practically without exception, employ pressed steel for cab shells and supporting structure. As passenger car body technology has advanced, truck cab designers have enjoyed much of the spin-off, even though truck volumes are so much smaller. For example, the number of individual pressings and, in turn, the number and length of welded joints per cab, is far fewer than in previous-generation cabs.

In consequence, today's steel cab shells are (a) lighter and (b) less prone to corrosion. The risk of rust developing has, in any case, been lessened through the adoption of sophisticated electro-cathodic paint application techniques, whereby the paint is positively attracted on to every part of the metal surface.

British-based truck makers like Renault-Dodge and Bedford have invested heavily in such cab-finish processes in the last five years.

Motor Panels (Coventry), a Rubery Owen group company, with its own recently-commissioned electro-coating plant, has done more than any other British commercial-vehicle cab producer to pusb forward design concepts. As well as manufacturing complete cabs for Leyland and Seddon-Atkinson Trucks, Motor Panels undertakes major cab development work for truck manufacturing projects in Eastern Europe and Third World countries.

Concept cabs shown by the Coventry company in recent years include the Hemitech design—embodying a host of advanced features which most of to-day's truck users would describe as futuristic. The Hemitech cab has tha outer dimensions of a typical day (non-sleeper) cab, but its space-saving seats are "upholstered" in open-weave material to allow hammock-lika stowage, permitting lightweight bunks to be folded down to provide sleeper accommodation. A retractable front bumper and an elevating roof are further features aimed at dimensional acceptability.

British manufacturers, inclnding Motor Panels, have pioneered tha use of alternative cab-shell materials. As well as steel and aluminium, numerous moulded plastics are now available, combining strength with lightness, complete corrosion resistance and fire retardant qualities.

The simple cold-setting glass-reinforced plastics (GRP) mouldings have been angmented by more resilient materials, with improved surface finish and better deformability characteristics under impact.

One of these is SMC (standing for sheet moulding compound), used by ERF for the complete outer shell of its C and M-series trucks. Similar material is employed for the front quarter panels and grills of Seddon-Atkinson's latest 01-series truck cabs.

Tooling costs for all-steel cabs are a formidable obstacle to any company embarking on a new truck programme. The tendency is for individual pressings and indeed complete cab sbells to be rationalised across one er more chassis ranges. The Swedish company Saab-Scania recently replaced its three former cabs (two forward-control, one bonneted) with one rationalised cab "system." The upper part of the new cab, incorporating the doors, windscreen, floor pan and dashboard is common to all four assembled versions.

Pressings

Variations in tha lower structure cater for three different heights of forward-control cab, suiting three diesel engine sizes.

In Britain, Seddon-Atkinson pursued a similar three-height cab design programme several years ahead of the Swedes, albeit using simpler pressings—from Motor Panels. Seddon 201 chassis take the lowest version, for 16 tonne gross weight applications; the 301 family of ligbt articulated tractor and multi-axle rigid chassis are equipped with tha company's middle-height cab, enclosing the popular new Cummins 10-litre diesel engine. The full-height Seddon cab appears on premium 401 models where the big Cummins and Gardner 14-litre or Rolls-Royce 12-litre engines are specified.

Every forward-control commercial vehicle sold in Britain today with a gross weight of 7.5 tonnes and above has a tilt cab—except Bedford's 23-year-old TK range. Tilting affords complete access to the engine and its auxiliaries and it avoids the need for noise—and fume-admitting panels in the seat pan/engine cover.

Tilting procedure has been simplified by most manufacturers. Hydraulic lifting rams have taken the place of counterbalance springs in most cases, the first few strokes of the hand-pump automatically releasing the cab hold-down safety latches.

A good deal of work has been done to make instrument panels more "readable" to the driver, while at tha same time providing more comprehensive information on the vehicle's running efficiency. Batteries of indicator lamps are backed by audible warning devices for any fault likely to jeopardise vehicle safety—loss of brake air pressure for instance.

The parking brake control, equivalent to a car handbrake is now essentially a small air valve which can be mounted in almost any position. Leyland, Mercedes and now ERF build the control neatly into the dashboard, looking simply like a big on-off "switch."

Alan Bunting